

Page 1

1 UNITED STATES BANKRUPTCY COURT

2 SOUTHERN DISTRICT OF NEW YORK

3 - - - - - x

4 In the Matter

5 IRVING H. PICARD, TRUSTEE

6 FOR THE LIQUIDATION OF B, Adv. Case No. 10-04377-SMB

7 Plaintiff,

8 VS.

9 NELSON, ET AL.

10 Defendants.

11 - - - - - x

12 In the Matter

13 IRVING H. PICARD, TRUSTEE

14 FOR THE LIQUIDATION OF B, Adv. Case No. 10-04658-SMB

15 Plaintiff,

16 VS.

17 NELSON, ET AL.

18 Defendants.

19 - - - - - x

20 United States Bankruptcy Court

21 One Bowling Green

22 New York, New York 10004-1408

23 May 9, 2019

24 2:00 PM

25

Page 2

1 B E F O R E:  
2 HON. STUART M. BERNSTEIN  
3 U.S. BANKRUPTCY JUDGE

4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

Page 3

1 HEARING RE: Adversary Proceeding: 10-04377-smb, Irving H.  
2 Picard, Trustee for the Liquidation of B v Nelson, et al.,  
3 Trial.

4

5 HEARING RE: Adversary Proceeding: 10-04377-smb, Irving h.  
6 Picard, Trustee, for the Liquidation of B v. Nelson, et al.,  
7 Trial.

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25 Transcribed by: Pamela A. Skaw and Tracey Williams

1 A P P E A R A N C E S :

2 BAKER HOSTETLER

3 Attorneys for

4 45 Rockefeller Plaza

5 New York, NY 10111

6

7 BY: DEAN D. HUNT, ESQUIRE

8 MARIE L. CARISLE, ESQUIRE

9 AMY E. VANDERWAL, ESQUIRE

10 NICHOLAS J. CREMONA, ESQUIRE

11 MAXIMILLIAN S. SHIFRIN, ESQUIRE

12 SEANNA R. BROWN, ESQUIRE

13 DAVID J. SHEEHAN, ESQUIRE

14

15 CHAITMAN, LLP

16 Attorney for

17 465 Park Avenue

18 New York, NY 10022

19

20 BY: HELEN DAVIS CHAIRMAN, ESQUIRE

21

22

23

24

25

1 | P R O C E E D I N G S

2 THE CLERK: All rise.

3 THE COURT: Please be seated.

4 (Pause)

5 THE COURT: Is Ms. Collura --

6 MR. HUNT: She is, Your Honor.

7                   Dean Hunt for the Trustee. Just a couple of  
8 housekeeping matters, if I may.

9 THE COURT: Uh-huh.

10 MR. HUNT: First of all, I want to say we have  
11 Ms. Collura and Mr. Greenblatt here today. I'd ask the  
12 Defendants to identify their witnesses.

13 UNIDENTIFIED SPEAKER: He doesn't know  
14 (indiscernible)

15 MR. HUNT: Second --

16 THE COURT: Can you please keep your voices up?  
17 *It's*

23 | So, I wanted to clarify the record on that.

## 24 Good morning.

25 THE COURT: Okay. Thank you.

1                   MR. HUNT: And, then, third, I would ask the Court  
2 to seal the portion of the record yesterday dealing with  
3 Mr. Dubinski's (ph) compensation.

4                   THE COURT: Why?

5                   MR. HUNT: It's highly personal and it is not  
6 relevant to the case.

7                   THE COURT: It's arguably relevant to bias.

8                   MR. HUNT: But he'd already been qualified as an  
9 expert by the time she asked that question.

10                  THE COURT: But it's still relevant to his bias,  
11 to his opinion; isn't it?

12                  MR. HUNT: Okay. But I just--

13                  THE COURT: In other words, he can be an expert  
14 but he can be biased.

15                  MR. HUNT: I just -- if you would take that under  
16 advisement because it is pretty personal information that  
17 would be out in public everywhere.

18                  THE COURT: I just think that his compensation is  
19 relevant to bias.

20                  MR. HUNT: Thank you, Your Honor.

21                  THE COURT: All right. Ms. Collura.

22                  (Pause)

23                  THE COURT: You're still under oath. Do you  
24 understand that?

25                  THE WITNESS: Yes, I do.

1 THE COURT: Okay. Go ahead, Ms. Chaitman.

2 MS. DAVIS CHAITMAN: Thank you, Your Honor.

3 CROSS-EXAMINATION

4 BY MS. DAVIS CHAITMAN:

5 Q Good afternoon, Ms. Collura.

6 A Good afternoon.

7 Q In putting together your report, you reviewed every  
8 single transaction involving the Nelsons; didn't you?

9 A The case transactions. Yes.

10 Q Okay. And you reviewed all of the documents relating  
11 to their accounts in the process of doing that; didn't you?

12 A Which documents? I -- their -- which documents are you  
13 referring to?

14 Q In preparing your report, did you review the Nelsons'  
15 account documents?

16 A I reviewed checks and bank records related to their  
17 cash transactions.

18 Q Okay.

19 A I reviewed documents in their customer files related to  
20 their accounts.

21 Q Okay. Okay.

22 Now, the payments to the Nelsons all came from the 509  
23 account at J.P. Morgan Chase; isn't that true?

24 A That's correct.

25 Q Okay. And let's look at the 509 account statements.

1 MS. DAVIS CHAITMAN: Roy, if you'd be good enough to  
2 pull up DX-Y.

3 (Pause)

4 MS. DAVIS CHAITMAN: And if you could go to the  
5 first page. Yeah. Thank you.

6 (Pause)

7 BY MS. DAVIS CHAITMAN:

8 Q This is in DX-Y. It's a compilation of global  
9 electronic funding reports and if you look -- this one has a  
10 Bates number of MADTSS01293772.

11 And if you look, this document is dated  
12 January 2nd, 2007; do you see that?

13 A I do.

14 Q And the account number is listed ending in 509; do you  
15 see that?

16 A Yes. I do.

17 Q And do you see that the account name is in Bernard L.  
18 Madoff?

19 A Yes. I do.

20 Q Okay.

21 MS. DAVIS CHAITMAN: And can you go to the next  
22 document?

23 THE COURT: Can I ask you what exhibit -- how is  
24 this Exhibit marked? I don't see the markings  
25 (indiscernible).

1 MS. DAVIS CHAITMAN: This is DX-Y, Exhibit DX-Y.

2 THE COURT: Okay. Thank you.

3 MS. DAVIS CHAITMAN: And I'm not going through  
4 every document in that Exhibit but I'm going through a bunch  
5 of them.

6 THE COURT: I just didn't see the exhibit marking  
7 so it's identified.

8 MS. DAVIS CHAITMAN: Okay.

9 THE COURT: All right.

10 (Pause)

11 BY MS. DAVIS CHAITMAN:

12 Q Okay. This is statement dated December 18th, 2006 for  
13 the 509 account. It's also in the name of Bernard L.  
14 Madoff; do you see that?

15 A I do but I wouldn't refer to this as a statement for  
16 the 509 account.

17 Q Okay.

18 A It's a document related to but I wouldn't call this a  
19 statement.

20 Q Right. You're right. It's an electronic funding  
21 report.

22 A Right. That's the title of it.

23 Q Right.

24 Without going through these, which I'm prepared to do  
25 because they're in DX-Y, would you agree, Ms. Collura, that

1 the 509 account was always maintained, according to J.P.

2 Morgan Chase's records in the name of Bernard L. Madoff?

3 A No. I would not agree with that.

4 Q Okay. Then, let's keep going.

5 Here's a document which is dated October 5th, 2005.

6 It's Bates number MADTSS01338921. And this shows that the

7 509 account is in the name of Bernard Madoff as of

8 October 5th, 2005; do you agree?

9 A Well, that's what this document shows. I -- if you  
10 have a copy of a statement, not for this -- for this time  
11 period, yes, for 2005, the name on the monthly statement for  
12 the 509 account will be different.

13 Q Okay. We'll go through that.

14 A Okay.

15 MS. DAVIS CHAITMAN: Can you pull up the next one,  
16 please?

17 BY MS. DAVIS CHAITMAN:

18 Q This is dated December 3rd, 2005 and, again, it's a  
19 electronic funding report and it lists the name of the 509  
20 account as Bernard L. Madoff; do you see that?

21 A Yes. That's what's on this document.

22 Q Okay. Okay.

23 Well, are you prepared, just to expedite this slightly,  
24 that -- to agree that every electronic funding report is in  
25 the name of Bernard L. Madoff?

1 A I can't testify to that.

2 Q Okay. No problem.

3 A I haven't look at every one.

4 THE COURT: Aren't these in evidence?

5 MS. DAVIS CHAITMAN: Well, they are. I can -- I'm  
6 putting the whole --

7 THE COURT: Yeah. I mean, she didn't prepare  
8 them. So, whatever they say, they say.

9 MS. DAVIS CHAITMAN: Right. Okay.

10 And could you pull up, please, for us DX-Z as in  
11 Zebra?

12 (Pause)

13 BY MS. DAVIS CHAITMAN:

14 Q If you look at this document, which is dated  
15 May 16th, 2005 to May 20th, 2005, do you see that this shows  
16 Bernard Madoff as the holder of the account ending in 509?

17 THE COURT: Maybe I'm not seeing it but is this a  
18 Bates labelled document? It --

19 MS. DAVIS CHAITMAN: It is. It's on the side on  
20 the upper right hand corner.

21 THE COURT: Oh, okay. Thank you.

22 MS. DAVIS CHAITMAN: Do you want me to read it  
23 into the record or are you okay?

24 THE COURT: You can do what you want. Well, let's  
25 -- (indiscernible) the last five digits of the Bates number?

1 MS. DAVIS CHAITMAN: It begins MAD and it ends  
2 with 74945.

3 THE COURT: Thank you.

4 BY MS. DAVIS CHAITMAN:

5 Q And you would agree that this shows Bernard Madoff on  
6 this statement as being the owner of the 509 account, right?

7 A This document has Bernard L. Madoff on it but I  
8 wouldn't say that that indicates the holder of the account.

9 The monthly statement for the 509 account would  
10 indicate that.

11 Q Okay.

12 MS. DAVIS CHAITMAN: Can you go, please, Roy, to  
13 DX-AA -- just DX-AA?

14 (Pause)

15 BY MS. DAVIS CHAITMAN:

16 Q Okay. This is a statement and this is actually, I  
17 believe, the very last statement that was sent out by  
18 J.P. Morgan Chase, right?

19 A I think that there were statements in 2009.

20 Q Okay.

21 Well, this covers the last period of when he was  
22 operating?

23 A Correct.

24 Q Is that fair to say? Okay.

25 A Yes. That's fair.

1 Q And the name of the account is Bernard L. Madoff

2 Investment Securities; do you see that?

3 A I do.

4 Q It doesn't say LLC; does it?

5 A There's no LLC on the name here. No.

6 Q Okay.

7 And would you agree with me that you've never seen a  
8 J.P. Morgan Chase monthly statement which read as the owner  
9 of the account Bernard L. Madoff Investment Securities, LLC?

10 A Not for the 509 account.

11 Q You would agree with me that you have not seen it?

12 A There -- I think there were some other bank accounts  
13 that were held in the name with LLC.

14 Q Just answer my specific question. You'll have an  
15 opportunity on redirect to say whatever you'd like. But  
16 just answer my questions.

17 Did you ever see a statement from the 509 account that  
18 listed Bernard L. Madoff Investment Securities, LLC as the  
19 holder of the account?

20 A No.

21 Q Thank you.

22 MS. DAVIS CHAITMAN: Would be good enough to pull  
23 up DX-E?

24 (Pause)

25 BY MS. DAVIS CHAITMAN:

1 Q Now, this is a December 1, 2000 statement for the 703  
2 account; do you see that?

3 A I do.

4 Q And this is in the name of Bernard L. Madoff; is it  
5 not?

6 A It is.

7 Q Okay.

8 MS. DAVIS CHAITMAN: And, Roy, can you go to the  
9 next document, please?

10 (Pause)

11 BY MS. DAVIS CHAITMAN:

12 Q This is a statement as of December 31, 2001 and this is  
13 also for the 703 account; is it not?

14 A It is.

15 Q And this is in the name of Bernard L. Madoff; isn't  
16 that true?

17 A It's true.

18 Q And do you recall the date when the LLC was formed?

19 A January 2001.

20 Q Okay. So, this is 11 months later and the account is  
21 in the name of Bernard L. Madoff; isn't that right?

22 A Yes, that's right.

23 Q Okay.

24 MS. DAVIS CHAITMAN: Roy, can you go to the next  
25 document, please?

1 (Pause.)

2 BY MS. DAVIS CHAITMAN:

3 Q Here's a statement dated December 31, 2002, for the 703  
4 account, right?

5 A Correct.

6 Q And it says Bernard L. Madoff Investment Securities; do  
7 you see that?

8 A I do.

9 Q There's no LLC, right?

10 A There's no LLC.

11 MS. DAVIS CHAITMAN: Can you go to the next  
12 statement, please?

13 (Pause)

14 BY MS. DAVIS CHAITMAN:

15 Q This is a statement dated December 31, 2003. Same  
16 thing. This account is not in the name of the LLC; is it?

17 A There's no LLC on the account name.

18 Q Okay.

19 MS. DAVIS CHAITMAN: Can you go to the next  
20 statement, please, Roy?

21 (Pause)

22 BY MS. DAVIS CHAITMAN:

23 Q Here we are on December 31st, 2004. There's no LLC in  
24 the account holder's name; is there?

25 A No.

1 MS. DAVIS CHAITMAN: Can you go to the next  
2 statement, please?

3 (Pause)

4 BY MS. DAVIS CHAITMAN:

5 Q This is December 30th, 2005. There's no LLC in the 703  
6 account statement's holder, the holder's name, is there?

7 A No.

8 MS. DAVIS CHAITMAN: Can you go to the next  
9 document, please?

10 (Pause)

11 BY MS. DAVIS CHAITMAN:

12 Q This is December 29th, 2006. Same question. Same  
13 answer?

14 A There's no LLC.

15 Q Thank you.

16 MS. DAVIS CHAITMAN: Can you go to the next  
17 document, please, Roy?

18 (Pause)

19 BY MS. DAVIS CHAITMAN:

20 Q This is December 2007; do you see that even as of  
21 December 31, 2007, the name of the account is Bernard L.  
22 Madoff Investment Securities without LLC. Do you see that?

23 A I see that.

24 (Pause)

25 MS. DAVIS CHAITMAN: Roy, can you bring up DX-Y?

1 (Pause)

2 BY MS. DAVIS CHAITMAN:

3 Q Now, this is a --

4 THE COURT: Could you identify it with Bates  
5 number please because these documents are all compilations  
6 of various --

7 MS. DAVIS CHAITMAN: Sure.

8 THE COURT: -- information.

9 MS. DAVIS CHAITMAN: It's in the documents --

10 THE COURT: They're not necessarily all  
11 (indiscernible).

12 MS. DAVIS CHAITMAN: Sure. It's MADTSS01284251.  
13 It's in the lower right hand corner of the document.

14 Can you see it?

15 THE COURT: I can see it.

16 MS. DAVIS CHAITMAN: Okay.

17 BY MS. DAVIS CHAITMAN:

18 Q Does this document indicate that it's in the name of  
19 the LLC?

20 A This is a document related to the 509 account and the  
21 account name on this document is listed just as Bernard L.

22 Q But you would agree that the 509 account was always in  
23 the name of the LLC -- of Bernard L. Madoff, not the LLC,  
24 right?

25 A Well, no. The 509 account was in the name of Bernard

1 L. Madoff until September 2002 when it changed to Bernard L.  
2 Madoff Investment Securities.

3 Q Okay. The 509 account was never changed to Bernard L.  
4 Madoff Investment Securities, LLC; was it?

5 A That was never on the statements.

6 Q Okay.

7 Now, you understand that at the time the LLC was  
8 formed, since Madoff was operating as a sole proprietorship,  
9 prior to that time, if he'd wanted to do business with banks  
10 as the LLC, he had to send them written notice that he was  
11 changing the name on the account; isn't that true?

12 A I can't opine on that. I don't know that.

13 Q Okay.

14 MS. DAVIS CHAITMAN: Can you pull up DX-U, please?

15 BY MS. DAVIS CHAITMAN:

16 Q This is a document which is dated July 17th --

17 MS. DAVIS CHAITMAN: Do you want me to read the  
18 Bates number? I'll read --

19 THE COURT: If it's a one page document, that's  
20 fine.

21 MS. DAVIS CHAITMAN: Okay.

22 BY MS. DAVIS CHAITMAN:

23 Q This is DX-U. It's dated July 17, 1991 and it's on the  
24 letterhead Bernard L. Madoff Investment Securities.

25 So, you're aware that Madoff was using that trade name

1 as far back as 1991, right?

2 A I'd seen Bernard L. Madoff Investment Securities, this  
3 logo, on documents back --

4 Q In the period --

5 A Yeah.

6 Q -- long, long before the LLC was formed; isn't that  
7 true?

8 A I've seen this logo on the documents prior to the LLC  
9 being formed, yes.

10 Q Okay.

11 MS. DAVIS CHAITMAN: Can you pull up, please, Roy,  
12 DX-HC to LT?

13 (Pause)

14 BY MS. DAVIS CHAITMAN:

15 Q If we can quickly run through these checks.

16 Ms. Collura, I'd just like you to agree with me as to  
17 the account holder as reflected on the documents, okay?

18 So, here's one as of March 29th, 1999, this is a check  
19 to the Nelsons and it's from the account of Bernard L.  
20 Madoff; isn't it not?

21 A Yes.

22 Q Okay.

23 A In the 509 account. Yes.

24 Q Okay.

25 MS. DAVIS CHAITMAN: Roy, you can move through

1 these as I talk about them.

2 BY MS. DAVIS CHAITMAN:

3 Q This is one dated April 9th, 1999. Same thing, right?

4 It's in the name --

5 A Yes.

6 Q -- of Bernard L. Madoff?

7 A Yes, from the 509 account.

8 Q Okay.

9 And this is dated May 27th, 1999. Same thing. To the  
10 Nelsons from Bernard L. Madoff, right?

11 A Yes, on the 509 account.

12 Q Okay. Okay.

13 The same thing for 7/29/99, correct?

14 A Correct.

15 MS. DAVIS CHAITMAN: You can go to the next one.

16 Thanks.

17 BY MS. DAVIS CHAITMAN:

18 Q Same thing for 8/19/99, correct?

19 A Yes.

20 MS. DAVIS CHAITMAN: Next, Roy.

21 BY MS. DAVIS CHAITMAN:

22 Q Same thing for 11/22/99, right?

23 A Yes.

24 Q Okay.

25 A The check's from the -- a check from the 509 account.

1 Q Okay.

2 Well, all of the checks that were paid to the  
3 Nelsons were paid from the 509 account; isn't that true?

4 A That's right.

5 Q Okay.

6 And here's one dated 4/12/2000, same thing. Bernard L.  
7 Madoff is the holder of the account, right?

8 A That's what -- his name is on this check, yes.

9 Q Okay.

10 And here's one dated May 1, 2000, same thing, right?

11 A Yes.

12 Q June 1, 2000, same thing, right? Bernard L. Madoff is  
13 the holder of the account.

14 A It's the name on this check, yes.

15 Q Okay.

16 MS. DAVIS CHAITMAN: Next one.

17 (Pause)

18 BY MS. DAVIS CHAITMAN:

19 Q June 26th, 2000, same thing?

20 A Yes.

21 Q October 27th, 2000, same thing?

22 A Yes.

23 Q January 12th, 2001, same thing, right?

24 A Yes.

25 Q March 7th, 2001, same thing, right?

1 A Yes.

2 Q Now, as of March 7th, 2001, the LLC had been formed;  
3 isn't that true?

4 A Yes. I believe that happened in January of 2001.

5 Q Right. Okay.

6 MS. DAVIS CHAITMAN: Next check, Roy, please.

7 (Pause)

8 BY MS. DAVIS CHAITMAN:

9 Q April 17th, 2001, same thing?

10 A Yes.

11 Q March 7, 2001, same thing?

12 A Yes.

13 Q June 22nd, 2001, same thing?

14 A Yes.

15 Q August 1st, 2001, same thing?

16 A Yes.

17 Q 9/26/2001, same thing?

18 A Yes.

19 Q December 11th, 2001, same thing?

20 A Yes.

21 Q December 10th, 2002, same thing?

22 THE COURT: I think that's -- you mischaracterized  
23 the document.

24 Are all the 509 checks bearing the name Bernard  
25 Madoff?

1 MS. DAVIS CHAITMAN: Let me skip to some of the  
2 later ones.

3 THE COURT: All right.

4 MS. DAVIS CHAITMAN: Roy, if you can skip to, say,  
5 2005.

6 THE COURT: Because all she's doing is reading the  
7 names off of the exhibits.

8 MS. DAVIS CHAITMAN: Right. Right.

9 (Pause)

10 MS. DAVIS CHAITMAN: If you can go to one that  
11 ends in 2005.

12 (Pause)

13 BY MS. DAVIS CHAITMAN:

14 Q Okay. Here's a check --

15 MS. DAVIS CHAITMAN: If you could just blow that  
16 up for us, Roy.

17 Thank you so much.

18 BY MS. DAVIS CHAITMAN:

19 Q Okay. So, here's a check which is dated  
20 January 25th, 2005 and this is the same thing; the check was  
21 from the account of Bernard L. Madoff, right?

22 A Yes. The difference in this time period the statement  
23 for the 509 said Bernard L. Madoff Investment Securities.

24 Q Right. But they don't say LLC, right?

25 A No LLC.

1 Q Okay. And you understand the difference between a  
2 trade name and a limited liability company?

3 A I --

4 Q You don't?

5 A No.

6 MR. HUNT: Ms. Collura's not designated to testify  
7 about corporate structures.

8 THE COURT: Well, but she's asking her -- it goes  
9 to the absence of LLC on the documents.

10 BY MS. DAVIS CHAITMAN:

11 Q So, when you analyzed the work to do, your report, you  
12 didn't perceive as any significance to whether a document  
13 said LLC or just said Bernard L. Madoff Investment  
14 Securities?

15 A No.

16 MS. DAVIS CHAITMAN: Can you skip to 2006, just  
17 one check?

18 (Pause)

19 BY MS. DAVIS CHAITMAN:

20 Q Okay. So, in 2006, the checks were still on the  
21 account of Bernard L. Madoff, right?

22 A The check -- on the name -- on the check, it was  
23 Bernard L. Madoff. But the statement for the 509 account  
24 was Bernard L. Madoff Investment Securities.

25 Q Okay. But it didn't say LLC, right?

1 A No.

2 Q Okay. And you recall that we just, a few minutes ago,  
3 looked at documents showing that in 1991, Madoff was using  
4 the trade name Bernard L. Madoff Investment Securities; do  
5 you recall that?

6 A I -- there was the logo on that account. I don't -- I  
7 don't know if I would call that a trade name.

8 Q Okay.

9 A But I would refer to that as a logo on a like  
10 letterhead.

11 Q Okay.

12 MS. DAVIS CHAITMAN: Can you skip to 2007, Roy?  
13 Just one check.

14 (Pause)

15 BY MS. DAVIS CHAITMAN:

16 Q Same thing, right, Ms. Collura?

17 A The same thing but in this time period the statement's  
18 name was Bernard L. Madoff Investment Securities.

19 Q Without the LLC, right?

20 A Correct.

21 Q Okay. Thank you.

22 MS. DAVIS CHAITMAN: And can I have one check from  
23 2008, please, Roy?

24 (Pause)

25 MS. DAVIS CHAITMAN: Oh. We're going to get to

1 those. Okay.

2 Thank you. This is perfect.

3 BY MS. DAVIS CHAITMAN:

4 Q Here's a check dated March 26, 2008, same name on the  
5 check, right? Bernard L. Madoff.

6 A Yes.

7 Q Okay.

8 A But if you'd look at the statements, it would say  
9 Bernard L. Madoff Investment Securities.

10 Q I -- it's wonderful that you repeat that. I get that  
11 point.

12 THE COURT: Well, you keep asking her the same  
13 question.

14 MS. DAVIS CHAITMAN: I know. That's true. But  
15 it's a different document, Your Honor.

16 THE COURT: It's the same question.

17 MS. DAVIS CHAITMAN: I can rephrase it each time.  
18 It'll take me a little longer but --

19 THE COURT: You try your case.

20 MS. DAVIS CHAITMAN: Would you, Roy, bring up  
21 DX-HW, please?

22 (Pause)

23 BY MS. DAVIS CHAITMAN:

24 Q Now, I want to go through the checks that the Nelsons  
25 sent into Madoff and if you looked -- I'm sure you looked at

Page 27

1 these, didn't you, when you went through to do your report?

2 A Yes, I did.

3 Q Okay. And this is a check dated March 15th, 2002 and  
4 it was made out to Bernard L. Madoff Securities; do you see  
5 that?

6 A Yes.

7 Q Okay.

8 MS. DAVIS CHAITMAN: Roy, can you go to something  
9 in 2003?

10 (Pause)

11 MS. DAVIS CHAITMAN: Oh, excuse me. Before you do  
12 that.

13 BY MS. DAVIS CHAITMAN:

14 Q Look at the endorsement on this check. It says -- do  
15 you see how it says pay to the order of Chase Manhattan Bank  
16 for deposit only Bernard L. Madoff?

17 A Yes.

18 Q And you looked at the endorsements on the back of the  
19 checks; didn't you?

20 A It wasn't so relevant to me for deposited checks. That  
21 was -- I really used those endorsements for tracing checks  
22 that were written from BLMIS.

23 But I'm -- you know, clearly, this is an endorsement  
24 from BLMIS depositing it into their 703 account.

25 Q Well, it says pay to the order of Chase Manhattan Bank

1 for deposit only Bernard L. Madoff; do you see that?

2 A I do.

3 Q Okay.

4 MS. DAVIS CHAITMAN: Can you go to the -- the  
5 next check, please?

6 (Pause)

7 BY MS. DAVIS CHAITMAN:

8 Q This is February 14th, 2003 and, again, it was made --

9 MS. DAVIS CHAITMAN: Oh, you know what? I'm  
10 looking for the checks that are from the Nelsons to Madoff.  
11 Sorry.

12 (Pause)

13 MS. DAVIS CHAITMAN: There you go. We're  
14 skipping.

15 BY MS. DAVIS CHAITMAN:

16 Q Here's one in January of 2008 and it's from Carol and  
17 Stanley Nelson and it's also made out to Bernard Madoff  
18 Securities; do you see that?

19 A I do.

20 Q And the stamp says for deposit only Bernard L. Madoff;  
21 do you see that?

22 A Yes.

23 (Pause)

24 MS. DAVIS CHAITMAN: Can you pull up DX-HW,  
25 please?

1 (Pause)

2 MS. DAVIS CHAITMAN: This is a -- we actually  
3 looked at this. This is the 2002 check that was deposited  
4 into Bernard L. Madoff's account.

5 Can you pull up DX-JX, please, Roy?

6 (Pause)

7 BY MS. DAVIS CHAITMAN:

8 Q Okay. This is one dated January 15th, 2008 from the  
9 Nelsons to Bernard Madoff Securities and, again, it was for  
10 deposit only Bernard Madoff; do you see that?

11 A Yes.

12 Q Okay.

13 (Pause)

14 BY MS. DAVIS CHAITMAN:

15 Q Now, you understand that when a corporate name is  
16 changed that you have to notify any holder of any bank that  
17 the company is doing with that the -- there's been a change  
18 in the name; isn't that true?

19 A I'm not -- but I'm not -- I can't opine --

20 Q You're not aware that?

21 A -- on that.

22 Q Okay.

23 MS. DAVIS CHAITMAN: Can you pull up DX-L,  
24 please?

25 (Pause)

1 BY MS. DAVIS CHAITMAN:

2 Q This is dated January 1, 2001 and it's a letter from  
3 Bernard L. Madoff Investment Securities, LLC; do you see  
4 that?

5 A Yes.

6 Q And it's written to Bank of New York; do you see that?

7 A Yes.

8 Q And, in essence, the letter says, we have changed the  
9 -- from the sole proprietorship. It -- we've now formed  
10 Bernard L. Madoff Investment Securities, LLC; do you see  
11 that?

12 A Yes.

13 Q Okay. And --

14 MS. DAVIS CHAITMAN: Can you pull up DX-M, please,  
15 Roy?

16 (Pause)

17 BY MS. DAVIS CHAITMAN:

18 Q That same letter was sent to a whole bunch of different  
19 companies; wasn't it?

20 A I don't know who else it was sent to. I see this one  
21 was sent to the National Securities Clearing Corporation.

22 Q The NESCC with which Madoff regularly did business,  
23 right?

24 You don't know that?

25 A I don't know that.

1 Q Okay.

2 MS. DAVIS CHAITMAN: Could you pull up DX-N,  
3 please?

4 (Pause)

5 BY MS. DAVIS CHAITMAN:

6 Q Same letter sent to the Options Clearing Corporation,  
7 also on January 1st, 2001; do you see that?

8 A Yes.

9 MS. DAVIS CHAITMAN: And could you pull up  
10 DX-O, please?

11 (Pause)

12 BY MS. DAVIS CHAITMAN:

13 Q Same letter to the Depository Trust Company; do you see  
14 that?

15 A Yes.

16 Q Have you ever seen a letter like this that was  
17 addressed to J.P. Morgan Chase instructing Chase to change  
18 the name of the 703 and the 509 account to the LLC?

19 A No, I have not.

20 (Pause)

21 BY MS. DAVIS CHAITMAN:

22 Q Now, when you reconciled the Nelsons accounts, you  
23 tried to utilize third party records, didn't you, to do  
24 that?

25 A I did.

1 Q And you did that because third party records are a lot  
2 more reliable than Madoff's internal records; isn't that  
3 true?

4 A They're more reliable in the sense that they're not --  
5 that's they're -- I mean, third party bank records, to me,  
6 are critical in an investigation and to do my  
7 reconciliation. So, they're -- they're clearly important in  
8 my work.

9 Q Why do you say they're critical?

10 A Third party bank records? Because they're -- they help  
11 to verify transactions.

12 Q Okay. Because the bank records are third party  
13 evidence that a check cleared through the payee's account;  
14 isn't that right?

15 A If it was a withdrawal from the account.

16 Q Right.

17 A Yes.

18 Q Correct.

19 Now, you testified that you verified the deposits and  
20 withdrawals in the last two years of the Nelsons' accounts;  
21 isn't that right?

22 A I testified that I reconciled the cash deposits and  
23 withdrawals in the Nelson accounts to available records.

24 Q Okay. Well, you -- we went through yesterday your  
25 charts of the last two years where you had bank records to

1 support every withdrawal, right?

2 A Yes. That was my tracing analysis.

3 Q Okay. Now, if we went into earlier periods, you  
4 actually didn't have bank records; did you?

5 A What earlier periods? Starting when?

6 Q Well, the account was opened when? Do you remember?  
7 1992, right?

8 A Which account?

9 Q Both accounts.

10 A Which both accounts?

11 Q The two -- the 283 and 284.

12 THE COURT: Aren't there -- because there are  
13 three accounts, correct?

14 THE WITNESS: Yes.

15 MS. DAVIS CHAITMAN: Yes, you're right.

16 I'm not talking about the 57 account. I'm sorry.  
17 I confused you.

18 BY MS. DAVIS CHAITMAN:

19 Q 283 and 284 were both opened in 1992, right?

20 A Yes.

21 Q Okay.

22 A Correct.

23 Q So, let's look at your Exhibit 53 and let's go to your  
24 Exhibit 7.

25 A That's in here?

1 Q Yes.

2 MS. DAVIS CHAITMAN: Your Honor, I don't have this  
3 to pull up on the screen.

4 THE COURT: That's all right. 53?

5 MS. DAVIS CHAITMAN: Exhibit 53, Exhibit 7 within  
6 Exhibit 53. And it's page 35 of the document.

7 (Pause)

8 MS. DAVIS CHAITMAN: Oh, brilliant. Magic. Thank  
9 you.

10 So, Roy, now you've done this, can you blow up the  
11 top half of the page?

12 (Pause)

13 MS. DAVIS CHAITMAN: Perfect.

14 (Pause)

15 MS. DAVIS CHAITMAN: You have to go -- I need you  
16 to go to the right a little bit more. I need this middle  
17 box. That's it.

18 THE WITNESS: This is different than Exhibit 53,  
19 page 35.

20 MS. DAVIS CHAITMAN: I'm sorry.

21 THE COURT: That's not Exhibit 53.

22 MS. DAVIS CHAITMAN: Oh. Okay.

23 So, you know what? Let's go by what's in the book  
24 then, okay?

25 BY MS. DAVIS CHAITMAN:

1 Q So, if I look at the first transaction. This is for  
2 account 1Z8284, right?

3 MR. HUNT: Your Honor, I'm a little confused.  
4 What exhibit are we looking at?

5 MS. DAVIS CHAITMAN: We are in your Exhibit 53.

6 MR. HUNT: Okay. Thank you.

7 MS. DAVIS CHAITMAN: Sorry.

8 THE COURT: Page 35?

9 MS. DAVIS CHAITMAN: Page 35.

10 Yeah. It's Exhibit 7 of the -- is everybody with  
11 me? You're with me?

12 THE WITNESS: Yes.

13 MS. DAVIS CHAITMAN: Okay.

14 BY MS. DAVIS CHAITMAN:

15 Q Okay. So, the first transaction was on  
16 December 8th, 1992, right?

17 A Yes.

18 Q Okay. And you didn't have any bank records to verify  
19 that transaction; did you?

20 A No.

21 Q And you didn't have any documents that the Trustee had  
22 obtained from the third party; did you?

23 A No.

24 Q Okay. So, what were you relying for that?

25 A I reconciled this transaction to a document in the

1 customer file for the 1Z8284 account.

2 Q Well, what document?

3 A It's referenced there, 1A -- I'm sorry, AMF0008167.

4 Q Okay. And that was -- that was a Madoff generated  
5 document, right?

6 A No, I don't think so. I don't have it in front of me.

7 But the documents that were in the AMF file were  
8 correspondence from the account holder.

9 Q Okay. So, you had a letter from the account holder?

10 Now, for the second transaction dated January 5th,  
11 1993, this was a withdrawal or an advance? This was a  
12 deposit or a withdrawal?

13 A The January 5th, 1993 transaction?

14 Q Yes.

15 A That was a deposit of five hundred thousand.

16 Q Okay. And, again, you verified that through a letter  
17 from the client?

18 A Yes. Well, that was in the customer file --

19 Q Okay.

20 A -- for this account.

21 Q Okay. So, you didn't have a bank record. You didn't  
22 have a third party record. But you did have a letter from  
23 the Nelsons enclosing the check?

24 A I think that's what this document is.

25 Q Okay.

1 A But I don't have it front of me. So, I'd have to see  
2 that document that's referenced AMF ending in 8288.

3 Q Okay.

4 Now, if we go to the third line. It's says CW; is that  
5 cash withdrawal?

6 A It is.

7 Q Okay. And, so, here, you didn't have any record from  
8 Madoff's accounts, right?

9 A A bank record, no.

10 Q You didn't have a bank record and you didn't have any  
11 third party documents. You had something from the customer,  
12 right?

13 A Yes.

14 Q And that was a request that she get a withdrawal,  
15 right? Ms. Nelson wrote requesting a withdrawal, right?

16 A To confirm that, I would want to look at those  
17 documents. But, yes, generally in the AMF file -- I'm  
18 sorry, we refer to it as AMF, but the customer file  
19 contained correspondence from the account holder.

20 Q Right. And you could not reconcile a document that was  
21 not written by the account holder asking for a withdrawal,  
22 right?

23 It had to have -- you couldn't get a letter from me  
24 saying, please send me a check from Carol Nelson's account,  
25 right?

1 A I'm sorry. Can you repeat that?

2 Q You had testified that Madoff kept the clients' letter  
3 in a folder, right?

4 A Yes.

5 Q Okay. And when you say you reviewed that folder and  
6 that's what you're relying upon for that transaction, you're  
7 relying upon a letter, sent by the account holder requesting  
8 the withdrawal.

9 A Yeah. I'm hesitating because there was other documents  
10 in the customer file that wasn't solely letters from the  
11 customer. That was many of the customer files contained  
12 those.

13 If I had a copy of this referenced document, I could  
14 tell you for sure.

15 Q Okay.

16 A I just -- I don't remember off the top of my head what  
17 those documents are.

18 Q What document, other than a letter from the client,  
19 would satisfy you that the client had requested the  
20 withdrawal?

21 A I can't think of one off the top of my head. Like I  
22 said, the majority of the documents in the customer file  
23 were --

24 Q Okay.

25 A -- from the client.

1 Q Okay. Well, in the course of me -- okay. In the  
2 course of my examination, if you think of any other kind of  
3 document that would -- that you would use to reconcile a  
4 withdrawal from a customer, let us know.

5 A Okay.

6 Q Okay. So, the only evidence you had there was the  
7 request from Carol Nelson, right?

8 A If that's what this document is, then yes.

9 Q Okay. And, then, if we continue going down, every time  
10 it says CW, if we go down to April 15th, 1996 -- so, we have  
11 -- every CW you have no bank records, no third party  
12 documents and you have yes in the customer file, right?

13 A Yes. For all of those transactions --

14 Q Right.

15 A -- that means that I reconciled to a document in the  
16 customer file.

17 Q Okay. So, let's assume that Carol Nelson wrote a  
18 letter on April 1st, 1994 and said, Dear Bernie, please send  
19 me a check for \$25,000.

20 That's the kind of letter that you are referring to  
21 that's maintained in the customer file, right?

22 A Requesting a withdrawal?

23 Q Yeah.

24 A Yes.

25 Q Okay. And what would have happened if Carol Nelson

1       called up the next day and said, you know what, Bernie?  
2       Forget it. I don't need that money now.

3               You would have no way of knowing if that's what  
4       happened because you can't verify that Carol Nelson ever got  
5       a check for the amount shown on that line; isn't that true?

6       A       Well, there were often times where that did happen and  
7       there would be a cancel transaction on the customer  
8       statement.

9       Q       Okay. But you're not saying that every single time  
10      that happened, you observed that there was a notation on the  
11      customer's statement; was there?

12      A       I'm saying that that happened often where there was a  
13      cancelled transaction.

14      Q       You're saying the customer's statement showed a  
15      cancelled transaction?

16      A       Yes.

17      Q       So, you're relying on whether or not there was a -- the  
18      customer statement says deposits and withdrawals, right?

19      A       Yes. It -- I mean, it doesn't say those words.

20      Q       Right.

21      A       But it has the transactions that indicate --

22      Q       Right.

23      A       -- a cash deposit or withdrawal.

24      Q       But isn't it a fact that what you're talking about is  
25      where a check is actually issued and the payment was stopped

1 on the check?

2 A It could have been stopped. It could have just been  
3 returned. It could have been cancelled.

4 Q Have you ever seen, in all the work you've done on  
5 Madoff, have you ever seen a statement which said, client  
6 cancelled request for check?

7 A It didn't say that on the statement. It would say, CNX  
8 or cancel check or returned check. It would say that.

9 Q But if the check had not been issued, I'm positing that  
10 Carol Nelson requested a check and within 24 hours, she  
11 calls up Bernie and says, I don't want that check. Don't  
12 bother issuing it.

13 MR. HUNT: All right. This is all assuming facts  
14 not --

15 MS. DAVIS CHAITMAN: I'm talking about a  
16 situation --

17 MR. HUNT: -- in evidence.

18 THE COURT: Wait, wait, wait. Hold on.

19 MS. DAVIS CHAITMAN: I'm sorry.

20 THE COURT: There's an objection?

21 MR. HUNT: Yeah. There's facts not in evidence.

22 THE COURT: But, you know, she's an expert but it  
23 is a hypothetical question.

24 MS. DAVIS CHAITMAN: Well, she's --

25 THE COURT: Is your client going to testify that

1       she ever cancelled the check that appears on that list?

2                   MS. DAVIS CHAITMAN:  Unfortunately, she's not in a  
3                   position to testify.

4                   (Pause)

5       BY MS. DAVIS CHAITMAN:

6       Q     Did you ever, in the work you did for this case, did  
7           you ever see any indication, on a statement, where a request  
8           for a check was cancelled before the check was issued?

9       A     Not on the statement.  Not on the customer statement.

10      Q     Thank you.

11                   (Pause)

12       BY MS. DAVIS CHAITMAN:

13      Q     And is it fair to say that with respect to your report,  
14           Exhibit 54, that the same thing is true with respect to  
15           account number 283?  That is, if a request for a check was  
16           cancelled before the check was issued, there would be no  
17           notation on the statement?

18      A     I'm sorry.  You're talking about Exhibit 54 now?

19      Q     Yes, I am.

20      A     What --

21      Q     I'm asking you the same question.  I -- we can go  
22           through it in detail --

23      A     But --

24      Q     -- but I'm asking you the same question.  If, in fact,  
25           if we look at Exhibit 7 --

1 A What page is that? I'm sorry.

2 Q That's on page 38 of Exhibit 54, Trustee's 54.

3 A Okay.

4 Q If you see in the -- in the -- there are a number of  
5 transactions where checks -- it's indicated CW for cash  
6 withdrawal but there's no indication of any third party  
7 document and I'm asking you the same question I just asked  
8 you.

9 In a situation where a customer cancels a letter  
10 request for a withdrawal before the check is actually  
11 issued, was there ever any documentary evidence indicating  
12 that?

13 A Sometimes there would be a letter in the file or some  
14 notation in the customer file.

15 It wouldn't be on the customer statement because it  
16 doesn't hit the customer statement until the check is  
17 issued.

18 Q Okay. And, with respect to the Nelsons' accounts, do  
19 you have specific recollection of seeing such notations?

20 A No.

21 (Pause)

22 MS. DAVIS CHAITMAN: I have no further questions.

23 THE COURT: Redirect?

24 MR. HUNT: Just a couple of questions.

25 REDIRECT EXAMINATION

1 BY MR. HUNT:

2 Q Good afternoon, Mr. Collura.

3 A Hello.

4 Q You were asked a lot of questions about the 509 and 703  
5 account just a couple of minutes ago.

6 During the entire time the 509 and the 703 account were  
7 used, before and after the name change in September of 2002,  
8 was the account number the same?

9 A The account number was the same for the time period  
10 that I had records for that account which was the December  
11 1998 to December 2008.

12 Q For what period did you have bank records?

13 A That ten year period; December of 1998 to December of  
14 2008.

15 Q When you reconciled the bank records to the customer  
16 statements, what was the result?

17 A I reconciled over 99 percent of the cash transactions  
18 on the customer statements to those bank records.

19 Q As a forensic accountant, how did you use that  
20 information to the information for the periods when you did  
21 not have bank records?

22 A I assumed that the cash transactions prior to that time  
23 period were accurately stated because of the high  
24 percentage, the over 99 percent that I did reconcile, when I  
25 had records.

1 Q Did you use internal records at BLMIS from the account  
2 maintenance files to test that assumption?

3 A For a specific customer accounts, I did, yes.

4 Q And that would be the Nelsons' account, for example?

5 A For example, yes.

6 Q And in each instance that you looked at where there was  
7 a withdrawal or deposit, you were able to find some record  
8 internally that matched up with what the customer statement  
9 said?

10 A For the Nelson accounts, yes.

11 Q And, during the period you had bank records, you  
12 verified that with the bank records?

13 A I did. Correct.

14 Q What's your conclusion about the accuracy of the  
15 customer statements for the period that the Nelsons'  
16 accounts were open?

17 A My conclusion is that the cash transactions, the cash  
18 deposits and withdrawals, on those customer statements were  
19 accurately reported.

20 MR. HUNT: No further questions.

21 THE COURT: Thank you. You can step down.

22 Call your next witness.

23 MR. HUNT: Your Honor, I would just say at this  
24 time we have offered Ms. Collura; she's reconciled all of  
25 the accounts, she's traced the accounts in a two-year

1 period. I would ask if the defendants would stipulate to  
2 the accuracy of exhibit B's. If we can do that, we can skip  
3 Mr. Greenblatt; if not, we'll put him on to do his principal  
4 balance calculation.

5 MS. DAVIS CHAITMAN: I can't do that for the  
6 transactions where there's no evidence.

7 MR. HUNT: Okay.

8 THE COURT: Did you send notices to admit on these  
9 issues?

10 MR. HUNT: Notices to admit, no -- on what issues,  
11 I'm sorry?

12 THE COURT: On the deposits and withdrawals?

13 MR. HUNT: We tried to reach a stipulation --

14 THE COURT: But did you send requests for  
15 admission?

16 MR. HUNT: Yes, and they said they couldn't do  
17 that.

18 THE COURT: All right.

19 MR. HUNT: So my colleague Mr. Shifrin will call  
20 Mr. Greenblatt.

21 THE COURT: Okay. Would you raise your right  
22 hand, please?

23 MATTHEW GREENBLATT, WITNESS, SWORN

24 THE COURT: Okay, please take a seat, and speak  
25 into the microphone.

1 MR. SHIFRIN: Good afternoon, Your Honor.

2 THE COURT: Good afternoon.

3 MR. SHIFRIN: Max Shifrin on behalf of the  
4 Trustee. Before I begin, unless Ms. Chaitman has any  
5 objections, we suggest that we qualify Mr. Greenblatt as an  
6 expert in forensic accounting just as we did with Ms.  
7 Collura. It will streamline the direct testimony and he's  
8 been qualified before.

9 THE COURT: Any objection?

10 MS. DAVIS CHAITMAN: No objection.

11 THE COURT: Okay, he's qualified as a forensic  
12 accountant.

13 DIRECT EXAMINATION

14 BY MR. SHIFRIN:

15 Q Mr. Greenblatt, good afternoon.

16 A Good morning.

17 Q Please introduce yourself to the Court.

18 A My name is Matthew Greenblatt, I'm a senior managing  
19 director at FTI Consulting in the forensic and litigation  
20 consulting division.

21 Q When did FTI become involved in this matter?

22 A We were retained in December of 2008.

23 Q And what was FTI's role in the Madoff case?

24 A We were retained to assist the Trustee with the  
25 reconstruction of the books and records, and to assist

1       counsel with the calculation of all of the principal balance  
2       -- principal balance amounts in all of the customer  
3       accounts.

4       Q       And how long have you been involved, sir?

5       A       Since December of 2008.

6       Q       Can you describe your role, please, for the Court?

7       A       So I was tasked with working with a team of FTI  
8       professionals specifically for the reconstruction of the  
9       debtor's books and records, the books and records that were  
10      secured by the Trustee when he took control in December of  
11      2008, and accumulating all of the cash and principal  
12      transactions that were reported on the debtor's books and  
13      records in order to calculate a cash-in-cash-out principal  
14      balance.

15      Q       As a forensic accountant, what sort of records do you  
16      typically review in connection with your investigations?

17      A       A forensic accountant is usually involved in looking at  
18      financial transactions of any nature, usually in the context  
19      of allegations of a fraud. Those financial records could be  
20      financial statements, they could be general ledgers, they  
21      could be customer statements, bank statements; all types of  
22      financial information.

23      Q       And did you do that for this matter?

24      A       I did, yes.

25      Q       Did you have access to all the information you needed

1 to reach your conclusions?

2 A I did, yes.

3 Q Did you provide a list of documents and pieces of media  
4 that you reviewed in connection with your analysis?

5 A Yes, they're included in my report.

6 Q And did you review all of those documents and pieces of  
7 media yourself?

8 A Personally myself, no. I worked with a team of people  
9 under my supervision and collectively we had reviewed all of  
10 those.

11 Q Okay. Let's talk about your reports. How many expert  
12 reports have you issued in these Nelson cases?

13 A In this Nelson matter, I've issued a total of three.

14 Q Describe those reports, if you will.

15 A So the first was what I often refer to as my global  
16 report, which was the principal balance calculation  
17 methodology report. It was the report that outlined the  
18 cash-in-cash-out methodology that was employed, talked about  
19 the debtor's books and records that were relied upon, and  
20 how the principal balance calculation was performed for all  
21 of the 8,000-plus Madoff accounts, three of which included  
22 the Nelson accounts. The second and third reports were for  
23 the three Nelson accounts specifically at issue in this case  
24 and the principal balance for those.

25 Q Are Trustee's Exhibits 71, 72, and 73 copies of your

1 reports? And those are located in the binder 4.

2 (Pause)

3 A Yes, Exhibit 71 is the global report, and 72 and 73 are  
4 the Nelson account-specific reports.

5 Q Did you reach any conclusions regarding the principal  
6 balance calculations for the three Nelson-related accounts?

7 A I did, yes.

8 Q Okay, let's briefly summarize those findings. What did  
9 you conclude with account 1ZA-284 specifically?

10 A With account 1ZA-284, I concluded that the  
11 accountholder withdrew funds in excess of principal  
12 available in the two-year period prior to the bankruptcy in  
13 the amount of \$2,610,000.

14 Q What did you conclude with respect to account 1ZA-283?

15 A In account 1ZA-283, my conclusion was that the  
16 accountholder withdrew funds in excess of principal  
17 available in the two-year period prior to the bankruptcy in  
18 the amount of \$255,000.

19 Q And what did you conclude with respect to account  
20 number 1ZR-265?

21 A In account 1ZR-265, I reached the conclusion that the  
22 accountholder had withdrawn funds in excess of principal  
23 available during the two-year period in the amount of  
24 \$200,077.

25 Q Did you rely on your forensic accounting skills to

1 reach these conclusions?

2 A I did, yes.

3 Q Can the results of your analysis be replicated by  
4 someone with the same education, training, and expertise?

5 A I believe so, yes.

6 Q Is the method you used generally accepted in your  
7 profession?

8 A Yes, it is.

9 Q And is your conclusion based on this methodology?

10 A It is.

11 Q Okay, let's talk about your three reports in greater  
12 detail. We'll start with the global principal balance  
13 calculation. How do you calculate the, quote, "principal  
14 balance"?

15 A The principal balance calculation is essentially cash  
16 in and cash out. So it takes into account all of the  
17 customer deposits as additions to principal and all of the  
18 customer withdrawals or inter-account transfers as principal  
19 out.

20 Q And how are the principal balance calculations then  
21 used in this liquidation?

22 A The Trustee and his counsel have used -- has used the  
23 principal balance calculations at all points in time for  
24 both assisting in determining claims, as well as assessing  
25 causes of action and avoidance actions in bankruptcy court.

1 Q What sort of transactions do you consider in your  
2 analysis?

3 A So the typical inflows, additions to principal, are the  
4 cash deposits. In the Nelson case specifically, all of the  
5 inflows are customer cash deposits. In other accounts not  
6 in -- not relevant in this particular proceeding, there are  
7 additional sources of principal such as inter-account  
8 transfers from other accounts for which principal is moved  
9 from one account to another, but for these accounts it is  
10 the cash deposits.

11 Q And what about documents, what sort of records do you  
12 consider or rely on to conduct this analysis?

13 A So I have relied on the debtor's books and records, and  
14 specifically the monthly customer statements.

15 Q Why the customer statements?

16 A The customer statements are the most comprehensive and  
17 complete of the debtor's books and records with respect to  
18 transaction-by-transaction line item detail of the cash and  
19 principal transactions, those are the statements that  
20 contain the information such as a transaction date,  
21 transaction amount, transaction descriptions, and  
22 transaction codes. It is also the document that is printed  
23 and shared with the customer. So the customer has the  
24 opportunity to raise an objection if they have made a  
25 deposit that doesn't show up on their customer statement or

1 if the withdrawal that they made is reported at the  
2 incorrect amount, they have the opportunity to raise that  
3 objection. So, for purposes of identifying cash and  
4 principal transactions, it was the best and most  
5 comprehensive document.

6 Q What period of time does your principal balance  
7 calculation cover?

8 A In the global report, the principal balance calculation  
9 covers the period from April 1st, 1981 through December  
10 11th, 2008, but for the -- generally speaking, for the  
11 Nelson accounts, it's from the account opening, which was  
12 December of 1992, through December 11th of 2008.

13 Q Okay. So, generally speaking, the time period that you  
14 conduct the analysis was 27 years?

15 A Yes.

16 Q And why did you choose that period specifically?

17 A That was the full length of time for which we had the  
18 information available to us in order to perform the  
19 principal balance calculation.

20 Q When were the -- just to remind the Court, when were  
21 the defendants' accounts opened in these cases?

22 A Two of the three accounts were opened in December of  
23 1992 and the third was August of 1996.

24 Q So did you have all of the customer statements  
25 necessary to conduct this analysis?

1 A Yes. For the three Nelson accounts, I had every  
2 monthly customer statement.

3 Q How exactly did you use the customer statements to  
4 conduct the principal balance calculation for the Nelson  
5 accounts?

6 A So, as I mentioned, the customer statements contained  
7 information such as the transaction date, transaction  
8 description, a transaction code, and the transaction amount.  
9 And so, based on that information, I was able to identify  
10 all of the cash and principal transactions, being the  
11 deposits and the withdrawals, identify them all, put them in  
12 chronological order, and quantify the principal balance  
13 essentially every day from the account opening through to  
14 December 11th, 2008.

15 Q How did BLMIS maintain the customer statements?

16 A So the customer statement data was maintained in the  
17 debtor's books and records in two different forms over the  
18 years. For the period from December 1995 through November  
19 of 2008, they were all available in electronic form on the  
20 electronic servers at BLMIS; for the periods prior to  
21 December of 1995, they were available on microfilm.

22 Q Okay.

23 MR. SHIFRIN: Let's pull up Trustee's Exhibits 193  
24 and 192, please?

25 (Pause)

1 BY MR. SHIFRIN:

2 Q Do you recognize these documents, Mr. Greenblatt?

3 A Yes.

4 Q And what are they exactly?

5 A The document on the top, as you can see from the  
6 callout, is the customer statement from the electronic  
7 server for account 1ZA-284 for the month of January 2007,  
8 and the document on the bottom is that same customer  
9 statement data printed out with the BLMIS letterhead over to  
10 the top of it, printed out, mailed to the customer, and this  
11 one is the one that was produced back to the Trustee by the  
12 defendants' accountants.

13 Q Okay. And just to be clear, that's for account number  
14 1ZA-284?

15 A Correct, they both are 1ZA-284 for the month of January  
16 2007.

17 Q All right.

18 MR. SHIFRIN: Let's turn to Trustee's Exhibits 114  
19 and 112, please?

20 BY MR. SHIFRIN:

21 Q Do you recognize these documents?

22 A Right. I think it's easier if we take the callout  
23 boxes away momentarily just to -- and then put them back in.

24 (Pause)

25 A Yeah. So the document on top -- okay -- well, I just

1       wanted to see the Bates reference on the bottom one, so you  
2       can put the callout boxes back in.

3               The document on top is the electronically stored  
4       customer statement for the 1ZA-283 account for the month of  
5       September 2007 that was stored electronically by BLMIS. The  
6       document on the bottom is the printout of that, again with  
7       the BLMIS letterhead placed over that same data, same  
8       statement for the month of September 2007 for 1ZA-283,  
9       that's the one that is printed, mailed to customers and, in  
10      this case, this is the one that was produced back to the  
11      Trustee by the defendants' accountants.

12     Q       And just to be clear, Mr. Greenblatt, the substantive  
13      information on both account statements, how do they compare?

14     A       They're the same document -- they're the same --  
15      they're the same data. I can't call them the same document  
16      because one prints with the letterhead.

17               MR. SHIFRIN: Let's pull up Trustee's Exhibit 182  
18      and 180, please?

19               THE WITNESS: Okay.

20       BY MR. SHIFRIN:

21     Q       Do you recognize these documents?

22     A       I do.

23     Q       What are they?

24     A       The document on the top is the monthly customer  
25      statement that was stored electronically by BLMIS for

1 account 1ZR-265 for the month of December 2007, and the one  
2 on the bottom is that same December 2007 customer statement  
3 for 1ZR-265, simply adding the letterhead as it was printed,  
4 mailed to the customer, and produced back to the Trustee by  
5 the defendants' accountants.

6 Q And, again, is the substantive information reflected on  
7 both statements the same?

8 A It's the same.

9 Q Okay. Are the records you just discussed the types of  
10 records you -- that forensic accountants typically rely  
11 upon?

12 A Yes.

13 Q Did you consider any of the purported trading activity  
14 reflected on these statements?

15 A Not for purposes of the principal balance calculation,  
16 no; it's outside the scope of the methodology.

17 Q Let's turn to the Nelson-specific report for account  
18 number 1ZA-284.

19 MR. SHIFRIN: And if we could pull up Trustee's  
20 Exhibit 77, please?

21 BY MR. SHIFRIN:

22 Q Can you identify this document, sir?

23 A Yes, this is the principal balance calculation for  
24 account 1ZA-284.

25 Q So, starting from the left, can you walk the Court

1 through what each of these columns mean?

2 A Sure. Columns -- as it's highlighted here, columns 1,  
3 2, and 3 in this document are the information as it's  
4 maintained and identified from the customer statement  
5 itself. So, as I mentioned before, the customer statements  
6 have the transaction date, transaction description, and  
7 transaction amounts reported on them. So these are the  
8 exact information that's contained on the customer  
9 statements. So by going through and identifying all of the  
10 cash and principal transactions from the customer  
11 statements, as I testified before, we created this  
12 chronological listing. So columns 1, 2, and 3 represent the  
13 information on the customer statements.

14 Then that column 3 is then carried over into the  
15 remaining columns, if you can -- there we go. So columns 4  
16 through 7 are how I categorized the amounts in the principal  
17 transactions that were reported on the customer statements,  
18 deposits are all captured in column 4 and represent  
19 additions to principal, all of the withdrawals are in column  
20 5 and reductions to principal. And, as I mentioned before,  
21 the Nelson accounts didn't have any inter-account transfer  
22 activity, but that's where inter-account transfer activity  
23 would be reflected in columns 6 and 7.

24 So all of the activity in column 3 is broken up into  
25 columns 4 through 7, and column 8 is the calculation, that's

1 the running balance of principal, adding for deposits and  
2 deducting for withdrawals.

3 And then the balance of the schedule, columns 9 through  
4 12, column 9 is a column that just captures the amounts of  
5 withdrawals during the two-year period for purposes of this  
6 proceeding; and then columns 10 and 11 are the individual  
7 debtor's books and records, those are the Bates references  
8 for the customer statements themselves that are -- that were  
9 identified to have -- the monthly customer statements where  
10 the individual cash and deposit and withdrawal transactions  
11 were captured; and then column 12 is the third party  
12 document that was produced back to the Trustee by the  
13 defendants' accountants for the same monthly customer  
14 statements.

15 Q Did you reach a conclusion as to the principal balance  
16 calculation of the 248 account?

17 A I did.

18 Q And what was that conclusion, sir?

19 A I did. As you can see from -- this is page 2 of 2 of  
20 the document, but as you can see, in total, after all of the  
21 deposits and withdrawals in this account, in total over the  
22 life of the account, account 1ZA-284 had withdrawals in  
23 excess of principal in a total amount of \$6,405,000; and  
24 during the two-year period, of that 6,405,000, \$2,610,000  
25 was withdrawn during the two-year period in excess of

1 principal available.

2 Q And just to be clear, Mr. Greenblatt, does Trustee's  
3 Exhibit 77 reference the source documents you used to create  
4 this summary?

5 A It does. That was in columns 10 and 11 that had the  
6 individual Bates references for the customer statements  
7 themselves.

8 Q Are you confident in the results of the analysis  
9 reflected in Trustee's Exhibit 77 to a reasonable degree of  
10 accounting certainty?

11 A I am.

12 Q And is Trustee's Exhibit 77 a fair and accurate summary  
13 of the relevant information that was pulled from the BLMIS  
14 customer statements belonging to the accountholder for 1ZA-  
15 284?

16 A Yes.

17 MR. SHIFRIN: Let's turn to account 1ZA-283 and  
18 pull up Trustee's Exhibit 76, please?

19 BY MR. SHIFRIN:

20 Q Can you identify this document?

21 A Yes, this is the principal balance calculation for 1ZA-  
22 283.

23 Q Do the columns in this document have the same meaning  
24 that they had in Trustee's Exhibit 77?

25 A Yes, they do.

1 Q Did you reach a conclusion as to the principal balance  
2 of the 1ZA-283 account?

3 A I did.

4 Q Is it reflected in this exhibit, sir?

5 A It is. At the end of -- the sum of columns -- or the  
6 end result of column 8 and column 9 show that in total, over  
7 the life of the account, there was a total of \$1.7 million  
8 withdrawn in excess of principal and, of that amount,  
9 \$255,000 was withdrawn during the two-year period.

10 Q And as with Trustee's Exhibit 77, does Trustee's  
11 Exhibit 76 reflect the source documents considered in  
12 creating this summary?

13 A It does. Columns 10 and 11 again reflect the Bates  
14 references for the relevant monthly customer statements.

15 Q Are you confident in the results of your analysis  
16 reflected in Trustee's Exhibit 77 -- 76, excuse me, to a  
17 reasonable degree of accounting certainty?

18 A Yes.

19 Q And is Trustee's Exhibit 76 a fair and accurate summary  
20 of the relevant information from the BLMIS customer  
21 statements for the 283 account?

22 A Yes.

23 MR. SHIFRIN: Let's turn to account number 1ZR-265  
24 and pull up Trustee's Exhibit 78, please?

25 BY MR. SHIFRIN:

1 Q What is this document, Mr. Greenblatt?

2 A This is now the principal balance calculation for that  
3 account, 1ZR-265.

4 Q Do the columns mean the same thing they meant in the  
5 previous two exhibits?

6 A Yes.

7 Q And did you reach a conclusion as to the principal  
8 balance for the 265 account?

9 A Yes.

10 Q What did you conclude?

11 A So in total, in account 1ZR-265, the account over the  
12 life of the account had withdrawn 401,748 more than it had  
13 deposited and, of those withdrawals, \$200,077 was withdrawn  
14 in excess of principal available during the two-year period.

15 Q And as with the previous two exhibits, does Trustee's  
16 Exhibit 78 reference the source documents considered in your  
17 analysis?

18 A Yes, columns 10 and 11 again.

19 Q Are you confident in the results of the analysis  
20 reflected on Trustee's Exhibit 78 to a reasonable degree of  
21 accounting certainty?

22 A Yes.

23 Q And is Trustee's Exhibit 78 a fair and accurate summary  
24 of relevant information from the BLMIS customer statement  
25 for the 265 account?

1 A It is.

2 Q Statements, plural?

3 A It is.

4 Q Okay. So just to summarize your testimony today, Mr.  
5 Greenblatt, can you identify the withdrawals exceeding  
6 principal in the two-year period for each of three Nelson-  
7 related accounts, sir?

8 A Yes. For account 1ZA-284, I concluded that the  
9 accountholder withdrew \$2,610,000 in excess of principal  
10 during the two-year period; for account 1ZA-283, the amount  
11 withdrawn during that two-year period in excess of principal  
12 was 255,000; and for account 1ZR-265, the accountholder  
13 withdrew \$200,077 in excess of principal during that two-  
14 year period. So, in total, the three were just under \$3.1  
15 million during the two-year period.

16 Q Thank you, sir.

17 MR. SHIFRIN: I have nothing further.

18 THE COURT: Cross-examination?

19 MS. DAVIS CHAITMAN: No questions.

20 THE COURT: You can step down. Thank you.

21 Does the Trustee have any further witnesses?

22 MR. HUNT: Your Honor, you'll be happy to know  
23 that the Trustee does not have any further witnesses.

24 THE COURT: Ms. Chaitman, do you have any  
25 witnesses?

1 MS. DAVIS CHAITMAN: I have no witnesses, Your  
2 Honor.

3 THE COURT: All right. Both sides rest?

4 MR. HUNT: We rest, Your Honor.

5 THE COURT: All right. I think it makes sense to  
6 simply schedule post-trial findings and conclusions.

7 Just --

8 MR. HUNT: I agree.

9 THE COURT: -- a couple of style points on those  
10 and reflecting on what I got after the PW proceeding, this  
11 is for both parties. If you're going to cite the  
12 transcripts, cite to the page and the line in the  
13 transcript. The Trustee in particular was just citing the  
14 pages, was my recollection, and I had to read the entire  
15 page to find out what you were doing. If you're citing to  
16 multi-page exhibits, I would appreciate if you would cite to  
17 the page in the exhibit that you want me to look at.

18 Please avoid long string cites of references. One  
19 of the problems I had with the PW is I would have a long  
20 paragraph with really several findings in them and then at  
21 the end of the paragraph there would be a string cite of  
22 references, and I'd have to match the reference to the  
23 finding. You can use short -- short declarative sentences  
24 are the best, by the way --

25 MR. HUNT: Yes, sir, we'll be Ernest Hemingway in

1 this.

2 THE COURT: Yeah, fine. He can be your model, he  
3 was well known for his findings and conclusions. So, to the  
4 extent you could do that, I would appreciate it.

5 How much time does the Trustee need to submit his  
6 proposed findings?

7 MR. HUNT: So my proposal would be, Your Honor,  
8 that we exchange objections to --

9 THE COURT: Oh, we have to deal with the  
10 objections also, I forgot.

11 MR. HUNT: Yeah. I was thinking two weeks to  
12 exchange objections and then proposed findings of facts  
13 about a month after that for us. So, specifically, two  
14 weeks to exchange objections, by May -- sorry -- May 17th --  
15 no, May 31st.

16 THE COURT: Does that work for you, Ms. Chaitman?

17 MS. DAVIS CHAITMAN: It isn't for this reason,  
18 Your Honor. As you --

19 MR. HUNT: So the parties exchange exhibit lists  
20 May 17th, identifying the Bates numbers and pages that they  
21 want to rely on.

22 THE COURT: I also need designations.

23 MS. DAVIS CHAITMAN: Yeah.

24 MS. DAVIS CHAITMAN: Can I just ask for this, Your  
25 Honor. I am booked solid until the end of May, because I'm

1 taking all those traders' depositions and, you know, I had a  
2 trial, a jury trial two weeks ago and then I had this trial.  
3 I just need to be able to use May to complete these traders'  
4 depositions.

5 THE COURT: What schedule do you propose?

6 MS. DAVIS CHAITMAN: Well, I would say we should  
7 -- by say June 15th we can exchange lists of exhibits and  
8 then, by June 30th, we can exchange objections to each  
9 other's exhibits. And then I would ask again, if the Court  
10 would be kind enough given my planned summer vacations --

11 THE COURT: That's a lot of summers.

12 MS. DAVIS CHAITMAN: Pardon?

13 THE COURT: We've been going through this for a  
14 lot of summers, that's --

15 MS. DAVIS CHAITMAN: I know, but that's -- I do  
16 take a vacation every summer.

17 MR. HUNT: I haven't had a single one.

18 MS. DAVIS CHAITMAN: It's just been a lot of  
19 summers. Could we have until August 20th to submit the  
20 post-trial briefs?

21 THE COURT: Well, I'd prefer to get it from the  
22 Trustee first and then you can respond --

23 MS. DAVIS CHAITMAN: And then -- okay.

24 THE COURT: -- that makes more sense.

25 MS. DAVIS CHAITMAN: Okay, so then --

1                   THE COURT: Then if I want a reply, I'll ask the  
2                   Trustee.

3                   MS. DAVIS CHAITMAN: Okay.

4                   MR. HUNT: So how about --

5                   THE COURT: But one thing you left out of that, of  
6                   course I need deposition or, I guess, trial transcript  
7                   designations, again by line. The best way to do it, if you  
8                   can do it, is, you know, one party can offer -- I think we  
9                   did this before where you highlight in different colors and  
10                   then you just have the objections highlighted in a different  
11                   color, if that makes sense. If there aren't too many  
12                   designations, then you could just designate and I can read  
13                   it.

14                   MS. DAVIS CHAITMAN: There are a fair number, so  
15                   maybe we ought to organize.

16                   THE COURT: All right. Well, why don't you do  
17                   that at the same time that you're doing these exhibit --

18                   MS. DAVIS CHAITMAN: Okay.

19                   THE COURT: -- lists, because those are separate.  
20                   So that --

21                   MS. DAVIS CHAITMAN: Okay.

22                   THE COURT: -- you can exchange -- why don't we do  
23                   this -- exchange your exhibit lists on June 15th and  
24                   exchange your deposition designations at the same time? And  
25                   when I say deposition, I include any trial transcript, and

1 then June 30th, objections to exhibits and any objections or  
2 cross-designations in the transcripts. I'll ask you to  
3 embody this in a letter or an order so we don't lose track  
4 of it.

5 MR. HUNT: So based on her vacation schedule --

6 THE COURT: Well, I'm just thinking whether the  
7 objections should be resolved before, you know, the findings  
8 of fact and conclusions -- well, my experience has been that  
9 the depositions and the designations don't really make that  
10 much of a difference in these cases, there's usually other  
11 evidence; they may in this case, because Madoff didn't  
12 testify, I recognize, personally.

13 MS. DAVIS CHAITMAN: And also with respect to  
14 (indiscernible) Pitts' criminal trial testimony. I mean,  
15 I've designated portions of it, the Trustee has --

16 THE COURT: Well, it's the same thing.

17 MS. DAVIS CHAITMAN: Yeah. Maybe it would be  
18 helpful --

19 THE COURT: With the criminal trial testimony you  
20 have the added issue of whether or not, you know, the other  
21 party had the incentive to cross-examine --

22 MS. DAVIS CHAITMAN: Exactly.

23 THE COURT: -- to the same extent or had the  
24 incentive to cross-examine.

25 MS. DAVIS CHAITMAN: On the same issue.

1                   THE COURT: On the same issue. And I guess you  
2 can object in the designations and then explain in some sort  
3 of post-trial briefing -- or you can do it at the time of  
4 the designations, if you want -- why that testimony should  
5 or should not be considered.

6                   MR. HUNT: I think we should go ahead and explain  
7 during the objections what they are --

8                   THE COURT: Okay.

9                   MR. HUNT: -- so that the parties agree.

10                  THE COURT: All right. Then I need a response to  
11 -- I guess I need a response, because if you say, you know,  
12 there was no incentive to cross-examine, the other person is  
13 going to come back and say there was, and it's going to work  
14 both ways.

15                  MS. DAVIS CHAITMAN: Okay. So June 30th I'm going  
16 to get the Trustee's objections to exhibits -- oh, wait, I'm  
17 sorry --

18                  THE COURT: No, June 15th you're going to exchange  
19 -- exchange objections --

20                  MS. DAVIS CHAITMAN: Right.

21                  THE COURT: -- to exhibits.

22                  MS. DAVIS CHAITMAN: So you're saying --

23                  MR. HUNT: We're going to exchange exhibits --

24                  THE COURT: Exhibit lists, right.

25                  MR. HUNT: Yes, sir. And then June 30th we'll --

1                   THE COURT: Oh, and please put those on a separate  
2 disk and separately identified when you send them in -- not  
3 all the exhibits, just the ones you're relying on, as you  
4 did the last time. It's much easier to work with an  
5 electronic disk.

6                   June 30th, objections -- oh, and June 15th, so  
7 it's the exhibit lists and the designations.

8                   MR. HUNT: Correct.

9                   THE COURT: June 30th, it's the objections to the  
10 exhibits and objections to the designations and cross-  
11 designations.

12                  MR. HUNT: Yes, sir.

13                  THE COURT: And then we have basically -- no, then  
14 it's up to you to file the post -- first --

15                  MR. HUNT: So if we file our --

16                  THE COURT: -- do you --

17                  MR. HUNT: -- if we file our brief on findings of  
18 fact and conclusions of law by July 30th, then she can file  
19 her response by August 30th.

20                  THE COURT: Okay.

21                  MS. DAVIS CHAITMAN: I can do that.

22                  THE COURT: All right. I mean, you know, to me  
23 the two driving issues that have been raised are whether or  
24 not it was actually a transfer of the LLC -- or it was a  
25 transfer by LLC -- it's always the customer property, I

1       guess -- but whether it was a transfer by LLC and this issue  
2       about how you deal with -- and this is really more of a  
3       legal issue, I guess -- it just seems to me that the IA  
4       business wasn't doing any trading, that's my initial  
5       reaction, the proprietary trading side of the business was  
6       doing trading, and how that affects the determination  
7       whether Madoff -- well, whether BLMIS was a Ponzi scheme or  
8       not, or whether you just look at, you know, the IA business  
9       separately from the basically two different businesses.

10           So those are kind of the two questions I think  
11       that have arisen. I know you took issue, Ms. Chaitman --  
12       actually, with the former, I did notice that the custodian  
13       said that the account was a BLMIS LCC account, the JPMorgan  
14       custodian was in -- I guess anybody could put whatever they  
15       want on a check, you know.

16           MS. DAVIS CHAITMAN: Well, actually, we have not  
17       seen -- and in fact I have an email from Mr. Shifrin  
18       acknowledging that they have not seen any document changing  
19       the name of the 703 account.

20           THE COURT: I know, but JPMorgan's custodian said  
21       that the accounts were held in the name of BLMIS LCC -- LLC.

22           MS. DAVIS CHAITMAN: LLC.

23           THE COURT: She can make that argument, but I just  
24       --

25           MS. DAVIS CHAITMAN: Right.

1                   THE COURT: -- that one doesn't convince me. I  
2                   think a more interesting argument concerns if you have a  
3                   part of the business conducting an ostensible legitimate  
4                   business, how that affects the determination of whether it's  
5                   a Ponzi scheme, and whether they really need the Ponzi  
6                   scheme presumption, whether they've just proven that all of  
7                   the transfers made to the IA customers were in fraud of  
8                   creditors, because the debtor was always insolvent and --

9                   MS. DAVIS CHAITMAN: Well, I think what the  
10                   evidence shows, Your Honor, is that the transfers were made  
11                   by Madoff personally, not by the LLC.

12                   THE COURT: I'm not sure I agree with you, but I  
13                   understand your argument.

14                   MS. DAVIS CHAITMAN: And, if that's true, then  
15                   based on your own decisions the Trustee would not have  
16                   standing to assert these claims.

17                   THE COURT: I understand the argument. I'm not  
18                   sure I'm convinced by that, just because the name appears on  
19                   a check in a certain way.

20                   MS. DAVIS CHAITMAN: It's not just the check.  
21                   There's no letter -- in 2001, when the LLC was formed, there  
22                   were a series of letters sent to all the institutions that  
23                   the legitimate trading business did business with, Bank of  
24                   New York, its bank, the OCC, all of the -- the NSCC, but  
25                   nothing was sent to JPMorgan Chase. The checks were always

1 endorsed by Madoff, that trade name has been in existence  
2 since 1991 --

3 THE COURT: That may be JPMorgan's problem that  
4 they were letting Madoff endorse the checks individually,  
5 because none of the checks were made out to Madoff, they  
6 were all --

7 MS. DAVIS CHAITMAN: They were all --

8 THE COURT: -- Bernard Madoff Securities.

9 MS. DAVIS CHAITMAN: -- Madoff Securities, which  
10 was a trade name that he had used since 1991.

11 THE COURT: So what if the account statements have  
12 LLC on them?

13 MS. DAVIS CHAITMAN: They didn't. The --

14 THE COURT: Yes, they did.

15 MS. DAVIS CHAITMAN: No, the JPMorgan Chase --

16 THE COURT: Not the bank account statements, the  
17 BLMIS statements.

18 MS. DAVIS CHAITMAN: The BLMIS statements may have  
19 done that. I have no idea why that was done, but the bank  
20 statements, the money in the accounts was all in the name of  
21 Madoff or his trade name.

22 THE COURT: Well, that's what you say, I know the  
23 argument. I'll read it when you write it, but I have my  
24 questions about that, particularly in light of the custodial  
25 affidavits.

1 MS. DAVIS CHAITMAN: You know, I don't --

2 THE COURT: Okay.

3 MS. DAVIS CHAITMAN: -- it's not the first time in  
4 the world the custodian was careless. I mean, we --

5 THE COURT: That's all I have.

6 MS. DAVIS CHAITMAN: -- we have 20 -- yeah, but  
7 we've got 20 years of evidence that every single check was  
8 made payable to Madoff or to Madoff Securities and endorsed  
9 by Madoff.

10 THE COURT: It was endorsed by Madoff.

11 MS. DAVIS CHAITMAN: Right.

12 THE COURT: Again, that may be JPMorgan's issue.

13 All right, so just if you could embody that in a  
14 consensual order or just a letter or something, so we have a  
15 sense of the time frame.

16 MR. HUNT: Absolutely, Your Honor. Thank you.

17 THE COURT: Okay?

18 MS. DAVIS CHAITMAN: Okay.

19 MR. HUNT: Thank you for your time, we appreciate  
20 it.

21 MS. DAVIS CHAITMAN: Thank you so much.

22 THE COURT: All right, thank you. In the findings  
23 and conclusions, less is more.

24 MR. HUNT: I hear you.

25 MS. DAVIS CHAITMAN: I'm sorry, I didn't --

1                   THE COURT: I said, in the findings and  
2 conclusions, less is more. Thank you very much.

3                   (Whereupon, these proceedings were concluded at 3:18  
4 p.m.)

5                   \* \* \* \* \*

6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

1 | INDEX

2 | TESTIMONY

### 3 PLAINTIFFS'

	WITNESS	EXAM BY	PAGE
4			
5	Lisa Collura	Ms. Davis Chaitman	7
6		Mr. Hunt	44
7			
8	Matthew Greenblatt	Mr. Shifrin	47

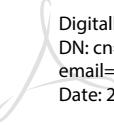
1

2 C E R T I F I C A T I O N

3

4 I, Pamela A. Skaw, certify that the foregoing transcript is  
5 a true and accurate record of the proceedings.

6 **Pamela A**  
7 **Skaw**

  
Digitally signed by Pamela A Skaw  
DN: cn=Pamela A Skaw, o, ou,  
email=digital1@veritext.com, c=US  
Date: 2019.05.13 16:39:55 -04'00'

8 **Pamela A. Skaw**

9 **Tracey**  
10 **Williams**

  
Digitally signed by Tracey Williams  
DN: cn=Tracey Williams, o, ou,  
email=digital1@veritext.com, c=US  
Date: 2019.05.13 16:40:28 -04'00'

11 **Tracey Williams**

12

13 **Date: May 13, 2019**

14

15

16

17

18

19 **Veritext Legal Solutions**

20 **330 Old Country Road**

21 **Suite 300**

22 **Mineola, NY 11501**

23

24

25

<b>1</b>	<b>1993</b> 36:11,13 <b>1994</b> 39:18 <b>1995</b> 54:18,21 <b>1996</b> 39:10 53:23 <b>1998</b> 44:11,13 <b>1999</b> 19:18 20:3,9 <b>1a</b> 36:3 <b>1st</b> 22:15 31:7 39:18 53:9 <b>1z8284</b> 35:2 36:1 <b>1za</b> 50:9,10,14,15 55:7,14,15 56:4,8 57:18,24 59:22 60:14,17,21 61:2 63:8,10 <b>1zr</b> 50:20,21 57:1 57:3 61:23 62:3 62:11 63:12	<b>2007</b> 8:12 16:20 16:21 25:12 55:7 55:16 56:5,8 57:1 57:2 <b>2008</b> 25:23 26:4 28:16 29:8 44:11 44:14 47:22 48:5 48:11 53:10,12 54:14,19	70:6,9,18,19 <b>31</b> 14:12 15:3,15 16:21 <b>31st</b> 15:23 65:15 <b>330</b> 77:20 <b>35</b> 34:6,19 35:8,9 <b>38</b> 43:2 <b>3rd</b> 10:18
			<b>4</b>
			<b>4</b> 50:1 58:15,18,25 <b>4/12/2000</b> 21:6 <b>401,748</b> 62:12 <b>44</b> 76:6 <b>45</b> 4:4 <b>465</b> 4:17 <b>47</b> 76:8
			<b>5</b>
			<b>5</b> 58:20 <b>509</b> 7:22,25 8:14 9:13,16 10:1,7,12 10:19 11:16 12:6 12:9 13:10,17 17:20,22,25 18:3 19:23 20:7,11,25 21:3 22:24 23:23 24:23 31:18 44:4 44:6 <b>53</b> 33:23 34:4,5,6 34:18,21 35:5 <b>54</b> 42:14,18 43:2,2 <b>57</b> 33:16 <b>5th</b> 10:5,8 36:10 36:13
			<b>6</b>
			<b>6</b> 58:23 <b>6,405,000</b> 59:23 59:24
			<b>7</b>
			<b>7</b> 22:11 33:24 34:5 35:10 42:25 58:16 58:23,25 76:5

[7/29/99 - august]

Page 2

<b>7/29/99</b> 20:13	17:25 18:3,11	71:21 73:20	<b>amount</b> 40:5
<b>703</b> 14:1,13 15:3	19:17,19,23 20:7	<b>accumulating</b>	50:13,18,23 52:21
16:5 27:24 31:18	20:11,25 21:3,7	48:11	53:2 54:8 59:23
44:4,6 71:19	21:13 23:21 24:21	<b>accuracy</b> 45:14	61:8 63:10
<b>71</b> 49:25 50:3	24:23 25:6 27:24	46:2	<b>amounts</b> 48:2
<b>72</b> 49:25 50:3	29:4 31:18 32:13	<b>accurate</b> 60:12	58:7,16 59:4
<b>73</b> 49:25 50:3	32:15 33:6,8,16	61:19 62:23 77:5	<b>amy</b> 4:9
<b>74945</b> 12:2	35:2 36:1,8,9,20	<b>accurately</b> 44:23	<b>analysis</b> 33:2 49:4
<b>76</b> 60:18 61:11,16	37:19,21,24 38:7	45:19	51:3 52:2,12
61:19	42:15 44:5,6,8,9	<b>acknowledging</b>	53:14,25 60:8
<b>77</b> 57:20 60:3,9,12	44:10 45:1,4 50:4	71:18	61:15 62:17,19
60:24 61:10,16	50:9,10,14,15,19	<b>action</b> 51:25	<b>analyzed</b> 24:11
<b>78</b> 61:24 62:16,20	50:21 51:16,18	<b>actions</b> 51:25	<b>answer</b> 13:14,16
62:23	52:7,9 53:11	<b>activity</b> 57:13	16:13
<b>7th</b> 21:25 22:2	54:13 55:7,13	58:22,22,24	<b>anybody</b> 71:14
<b>8</b>	56:4,13 57:1,17	<b>added</b> 68:20	<b>appears</b> 42:1
<b>8</b> 58:25 61:6	57:24 58:21,22	<b>adding</b> 57:3 59:1	72:18
<b>8,000</b> 49:21	59:16,21,22,22	<b>additional</b> 52:7	<b>appreciate</b> 64:16
<b>8/19/99</b> 20:18	60:17 61:2,7,21	<b>additions</b> 51:17	65:4 74:19
<b>8288</b> 37:2	61:23 62:3,8,11	52:3 58:19	<b>april</b> 20:3 22:9
<b>8th</b> 35:16	62:11,12,25 63:8	<b>addressed</b> 31:17	39:10,18 53:9
<b>9</b>	63:10,12 71:13,13	<b>admission</b> 46:15	<b>arguably</b> 6:7
<b>9</b> 1:23 59:3,4 61:6	71:19 73:11,16	<b>admit</b> 46:8,10	<b>argument</b> 71:23
<b>9/26/2001</b> 22:17	<b>accountant</b> 44:19	<b>adv</b> 1:6,14	72:2,13,17 73:23
<b>99</b> 44:17,24	47:12 48:15,17	<b>advance</b> 36:11	<b>arisen</b> 71:11
<b>9th</b> 20:3	<b>accountants</b>	<b>adversary</b> 3:1,5	<b>asked</b> 6:9 43:7
<b>a</b>	55:12 56:11 57:5	<b>advised</b> 5:19	44:4
<b>aa</b> 12:13,13	57:10 59:13	<b>advisement</b> 6:16	<b>asking</b> 24:8 26:12
<b>able</b> 45:7 54:9	<b>accountholder</b>	<b>affidavits</b> 73:25	37:21 42:21,24
66:3	50:11,16,22 60:14	<b>afternoon</b> 7:5,6	43:7
<b>absence</b> 24:9	63:9,12	44:2 47:1,2,15	<b>assert</b> 72:16
<b>absolutely</b> 74:16	<b>accounting</b> 47:6	<b>ago</b> 25:2 44:5 66:2	<b>assessing</b> 51:24
<b>accepted</b> 51:6	50:25 60:10 61:17	<b>agree</b> 9:25 10:3,8	<b>assist</b> 47:24,25
<b>access</b> 48:25	62:21	10:24 12:5 13:7	<b>assisting</b> 51:24
<b>account</b> 7:15,23	<b>accounts</b> 7:11,20	13:11 17:22 19:16	<b>assume</b> 39:17
7:25 8:14,17 9:13	13:12 31:22 32:20	64:8 69:9 72:12	<b>assumed</b> 44:22
9:16 10:1,7,12,20	32:23 33:9,10,13	<b>ahead</b> 7:1 69:6	<b>assuming</b> 41:13
11:16 12:6,8,9	37:8 43:18 45:3	<b>al</b> 1:9,17 3:2,6	<b>assumption</b> 45:2
13:1,9,10,17,19	45:10,16,25,25	<b>allegations</b> 48:19	<b>attorney</b> 4:16
14:2,13,20 15:4	48:3 49:21,22,23	<b>amf</b> 36:7 37:2,17	<b>attorneys</b> 4:3
15:16,17,24 16:6	50:6 52:5,8,9	37:18	<b>august</b> 22:15
16:21 17:20,21,22	53:11,21,22 54:1	<b>amf0008167</b> 36:3	53:23 66:19 70:19
	54:5 58:21 63:7		

<b>available</b> 32:23 50:12,17,23 53:18 54:19,21 60:1 62:14 <b>avenue</b> 4:17 <b>avoid</b> 64:18 <b>avoidance</b> 51:25 <b>aware</b> 18:25 29:20	<b>bearing</b> 22:24 <b>begins</b> 12:1 <b>behalf</b> 47:3 <b>believe</b> 12:17 22:4 51:5 <b>belonging</b> 60:14 <b>bernard</b> 8:17 9:13 10:2,7,20,25 11:16 12:5,7 13:1 13:9,18 14:4,15 14:21 15:6 16:21 17:21,23,25 18:1 18:3,24 19:2,19 20:6,10 21:6,12 22:24 23:21,23 24:13,21,23,24 25:4,18 26:5,9 27:4,16 28:1,17 28:20 29:4,9,10 30:3,10 73:8 <b>bernie</b> 39:18 40:1 41:11 <b>bernstein</b> 2:2 <b>best</b> 5:18 53:4 64:24 67:7 <b>bias</b> 6:7,10,19 <b>biased</b> 6:14 <b>binder</b> 50:1 <b>bit</b> 34:16 <b>blmis</b> 27:22,24 45:1 54:15,20 55:9 56:5,7,25 60:13 61:20 62:24 71:7,13,21 73:17 73:18 <b>blow</b> 23:15 34:10 <b>book</b> 34:23 <b>booked</b> 65:25 <b>books</b> 47:25 48:9 48:9,12 49:19 52:13,17 54:17	<b>59:7</b> <b>bother</b> 41:12 <b>bottom</b> 55:8 56:1 56:6 57:2 <b>bowling</b> 1:21 <b>box</b> 34:17 <b>boxes</b> 55:23 56:2 <b>brief</b> 70:17 <b>briefing</b> 69:3 <b>briefly</b> 50:8 <b>briefs</b> 66:20 <b>brilliant</b> 34:8 <b>bring</b> 16:25 26:20 <b>broken</b> 58:24 <b>brown</b> 4:12 <b>bunch</b> 9:4 30:18 <b>business</b> 18:9 30:22 71:4,5,8 72:3,4,23,23 <b>businesses</b> 71:9	<b>cancels</b> 43:9 <b>captured</b> 58:18 59:11 <b>captures</b> 59:4 <b>careless</b> 74:4 <b>carisle</b> 4:8 <b>carol</b> 28:16 37:24 39:7,17,25 40:4 41:10 <b>carried</b> 58:14 <b>case</b> 1:6,14 6:6 7:9 26:19 42:6 47:23 49:23 52:4 56:10 68:11 <b>cases</b> 49:12 53:21 68:10 <b>cash</b> 7:17 32:22 37:5 40:23 43:5 44:17,22 45:17,17 48:11,13,13 49:18 49:18 51:15,16 52:4,5,10,18 53:3 54:10 58:10 59:10 <b>categorized</b> 58:16 <b>causes</b> 51:25 <b>certain</b> 72:19 <b>certainty</b> 60:10 61:17 62:21 <b>certify</b> 77:4 <b>chairman</b> 4:20 <b>chaitman</b> 4:15 7:1 7:2,4 8:1,4,7,21 9:1,3,8,11 10:15 10:17 11:5,9,13 11:19,22 12:1,4 12:12,15 13:22,25 14:8,11,24 15:2 15:11,14,19,22 16:1,4,8,11,16,19 16:25 17:2,7,9,12 17:16,17 18:14,15 18:17,21,22 19:11 19:14,25 20:2,15
<b>bank</b> 7:16 13:12 27:15,25 29:16 30:6 32:5,10,12 32:25 33:4 35:18 36:21 37:9,10 39:11 44:12,15,18 44:21 45:11,12 48:21 72:23,24 73:16,19 <b>bankruptcy</b> 1:1 1:20 2:3 50:12,17 51:25 <b>banks</b> 18:9 <b>based</b> 51:9 54:9 68:5 72:15 <b>basically</b> 70:13 71:9 <b>bates</b> 8:10 10:6 11:18,25 17:4	<b>c</b> 4:1 5:1 77:2,2 <b>calculate</b> 48:13 51:13 <b>calculation</b> 46:4 48:1 49:16,20 51:13,15 53:7,8 53:19 54:4 57:15 57:23 58:25 59:16 60:21 62:2 <b>calculations</b> 50:6 51:20,23 <b>call</b> 9:18 25:7 45:22 46:19 56:15 <b>called</b> 40:1 <b>callout</b> 55:6,22 56:2 <b>calls</b> 41:11 <b>cancel</b> 40:7 41:8 <b>cancelled</b> 40:13 40:15 41:3,6 42:1 42:8,16		

20:17,20,21 21:16 21:18 22:6,8 23:1 23:4,8,10,13,15 23:18 24:10,16,19 25:12,15,22,25 26:3,14,17,20,23 27:8,11,13 28:4,7 28:9,13,15,24 29:2,7,14,23 30:1 30:14,17 31:2,5,9 31:12,21 33:15,18 34:2,5,8,13,15,20 34:22,25 35:5,7,9 35:13,14 41:15,19 41:24 42:2,5,12 43:22 46:5 47:4 47:10 63:19,24 64:1 65:16,17,23 65:24 66:6,12,15 66:18,23,25 67:3 67:14,18,21 68:13 68:17,22,25 69:15 69:20,22 70:21 71:11,16,22,25 72:9,14,20 73:7,9 73:13,15,18 74:1 74:3,6,11,18,21 74:25 76:5 <b>change</b> 29:17 31:17 44:7 <b>changed</b> 18:1,3 29:16 30:8 <b>changing</b> 18:11 71:18 <b>charts</b> 32:25 <b>chase</b> 7:23 12:18 13:8 27:15,25 31:17,17 72:25 73:15 <b>chase's</b> 10:2 <b>check</b> 19:18 20:25 21:8,14 22:6 23:14,19,20 24:17	24:22,22 25:13,22 26:4,5 27:3,14 28:5 29:3 32:13 36:23 37:24 39:19 40:5,25 41:1,6,8,8 41:9,10,11 42:1,8 42:8,15,16 43:10 43:16 71:15 72:19 72:20 74:7 <b>check's</b> 20:25 <b>checks</b> 7:16 19:15 21:2 22:24 24:20 26:24 27:19,20,21 28:10 43:5 72:25 73:4,5 <b>choose</b> 53:16 <b>chronological</b> 54:12 58:12 <b>cite</b> 64:11,12,16 64:21 <b>cites</b> 64:18 <b>citing</b> 64:13,15 <b>claims</b> 51:24 72:16 <b>clarify</b> 5:23 <b>clear</b> 55:13 56:12 60:2 <b>cleared</b> 32:13 <b>clearing</b> 30:21 31:6 <b>clearly</b> 27:23 32:7 <b>clerk</b> 5:2 <b>client</b> 36:17 38:18 38:19,25 41:5,25 <b>clients</b> 38:2 <b>cnx</b> 41:7 <b>code</b> 54:8 <b>codes</b> 52:22 <b>colleague</b> 46:19 <b>collectively</b> 49:9 <b>collura</b> 5:5,11 6:21 7:5 9:25 19:16 25:16 44:2	45:24 47:7 76:5 <b>collura's</b> 5:21 24:6 <b>color</b> 67:11 <b>colors</b> 67:9 <b>column</b> 58:14,18 58:19,24,25 59:4 59:4,11 61:6,6 <b>columns</b> 58:1,2,2 58:12,15,15,23,25 59:3,6 60:5,23 61:5,13 62:4,18 <b>come</b> 69:13 <b>companies</b> 30:19 <b>company</b> 24:2 29:17 31:13 <b>compare</b> 56:13 <b>compensation</b> 6:3 6:18 <b>compilation</b> 8:8 <b>compilations</b> 17:5 <b>complete</b> 52:17 66:3 <b>comprehensive</b> 52:16 53:5 <b>concerns</b> 72:2 <b>conclude</b> 50:9,14 50:19 62:10 <b>concluded</b> 50:10 63:8 75:3 <b>conclusion</b> 45:14 45:17 50:15,21 51:9 59:15,18 61:1 62:7 <b>conclusions</b> 49:1 50:5 51:1 64:6 65:3 68:8 70:18 74:23 75:2 <b>conduct</b> 52:12 53:14,25 54:4 <b>conducting</b> 72:3 <b>confident</b> 60:8 61:15 62:19	<b>confirm</b> 37:16 <b>confused</b> 33:17 35:3 <b>connection</b> 48:16 49:4 <b>consensual</b> 74:14 <b>consider</b> 52:1,12 57:13 <b>considered</b> 61:11 62:16 69:5 <b>consulting</b> 47:19 47:20 <b>contain</b> 52:20 <b>contained</b> 37:19 38:11 54:6 58:8 <b>context</b> 48:18 <b>continue</b> 39:9 <b>control</b> 48:10 <b>convince</b> 72:1 <b>convinced</b> 72:18 <b>copies</b> 49:25 <b>copy</b> 10:10 38:13 <b>corner</b> 11:20 17:13 <b>corporate</b> 24:7 29:15 <b>corporation</b> 30:21 31:6 <b>correct</b> 7:24 12:23 15:5 20:13,14,18 25:20 32:18 33:13 33:22 45:13 55:15 70:8 <b>correspondence</b> 36:8 37:19 <b>counsel</b> 48:1 51:22 <b>country</b> 77:20 <b>couple</b> 5:7 43:24 44:5 64:9 <b>course</b> 39:1,2 67:6 <b>court</b> 1:1,20 5:3,5 5:9,16,25 6:1,4,7
--	--	---	--

**[court - designated]**

Page 5

6:10,13,18,21,23 7:1 8:23 9:2,6,9 11:4,7,17,21,24 12:3 17:4,8,10,15 18:19 22:22 23:3 23:6 24:8 26:12 26:16,19 33:12 34:4,21 35:8 41:18,20,22,25 43:23 45:21 46:8 46:12,14,18,21,24 47:2,9,11,17 48:6 51:25 53:20 57:25 63:18,20,24 64:3 64:5,9 65:2,9,16 65:22 66:5,9,11 66:13,21,24 67:1 67:5,16,19,22 68:6,16,19,23 69:1,8,10,18,21 69:24 70:1,9,13 70:16,20,22 71:20 71:23 72:1,12,17 73:3,8,11,14,16 73:22 74:2,5,10 74:12,17,22 75:1 <b>cover</b> 53:7 <b>covers</b> 12:21 53:9 <b>create</b> 60:3 <b>created</b> 58:11 <b>creating</b> 61:12 <b>creditors</b> 72:8 <b>cremona</b> 4:10 <b>criminal</b> 68:14,19 <b>critical</b> 32:6,9 <b>cross</b> 7:3 63:18 68:2,21,24 69:12 70:10 <b>custodial</b> 73:24 <b>custodian</b> 71:12 71:14,20 74:4 <b>customer</b> 7:19 36:1,18 37:11,18	38:10,11,11,22 39:4,12,16,21 40:7,18 42:9 43:9 43:14,15,16 44:15 44:18 45:3,8,15 45:18 48:2,21 51:17,18 52:5,14 52:15,16,23,23,25 53:24 54:2,3,6,15 54:16 55:6,8,10 56:4,24 57:2,4 58:4,5,8,10,13,17 59:8,9,13 60:6,14 61:14,20 62:24 70:25 <b>customer's</b> 40:11 40:14 <b>customers</b> 56:9 72:7 <b>cw</b> 37:4 39:10,11 43:5	17:2,7,9,12,16,17 18:14,15,17,21,22 19:11,14,25 20:2 20:15,17,20,21 21:16,18 22:6,8 23:1,4,8,10,13,15 23:18 24:10,16,19 25:12,15,22,25 26:3,14,17,20,23 27:8,11,13 28:4,7 28:9,13,15,24 29:2,7,14,23 30:1 30:14,17 31:2,5,9 31:12,21 33:15,18 34:2,5,8,13,15,20 34:22,25 35:5,7,9 35:13,14 41:15,19 41:24 42:2,5,12 43:22 46:5 47:10 63:19 64:1 65:17 65:23,24 66:6,12 66:15,18,23,25 67:3,14,18,21 68:13,17,22,25 69:15,20,22 70:21 71:16,22,25 72:9 72:14,20 73:7,9 73:13,15,18 74:1 74:3,6,11,18,21 74:25 76:5 <b>d</b> <b>d</b> 4:7 5:1 76:1 <b>data</b> 54:16 55:9 56:7,15 <b>date</b> 14:18 52:20 54:7 58:6 77:13 <b>dated</b> 8:11 9:12 10:5,18 11:14 15:3,15 18:16,23 20:3,9 21:6,10 23:19 26:4 27:3 29:8 30:2 36:10 <b>david</b> 4:13 <b>davis</b> 4:20 7:2,4 8:1,4,7,21 9:1,3,8 9:11 10:15,17 11:5,9,13,19,22 12:1,4,12,15 13:22,25 14:8,11 14:24 15:2,11,14 15:19,22 16:1,4,8 16:11,16,19,25	22:21 35:16 44:10 44:11,13,13 47:22 48:5,10 53:9,12 53:12,22 54:14,18 54:21 57:1,2 <b>decisions</b> 72:15 <b>declarative</b> 64:23 <b>deducting</b> 59:2 <b>defendants</b> 1:10 1:18 5:12 46:1 53:21 55:12 56:11 57:5 59:13 <b>degree</b> 60:9 61:17 62:20 <b>demonstrative</b> 5:20 <b>deposit</b> 27:16 28:1 28:20 29:10 36:12 36:15 40:23 45:7 52:25 59:10 <b>deposited</b> 27:20 29:3 62:13 <b>depositing</b> 27:24 <b>deposition</b> 67:6 67:24,25 <b>depositions</b> 66:1,4 68:9 <b>depository</b> 31:13 <b>deposits</b> 32:19,22 40:18 45:18 46:12 51:17 52:4,5,10 54:11 58:18 59:1 59:21 <b>describe</b> 48:6 49:14 <b>description</b> 54:8 58:6 <b>descriptions</b> 52:21 <b>designate</b> 67:12 <b>designated</b> 24:6 68:15
--	---	--	---

**[designations - findings]**

Page 6

<b>designations</b>	17:5,9 19:3,8,17 24:9 25:3 35:21	<b>ends</b> 12:1 23:11 <b>entire</b> 44:6 64:14	61:11,16,19,24 62:16,20,23 64:17
65:22 67:7,12,24 68:2,9 69:2,4 70:7 70:10,11	36:7 37:11,17 38:9,17,22 39:12	<b>ernest</b> 64:25 <b>esquire</b> 4:7,8,9,10 4:11,12,13,20	65:19 67:17,23 69:24 70:7
<b>detail</b> 42:22 51:12 52:18	49:3,6 52:11 55:2 55:21 56:21 60:3	<b>essence</b> 30:8 <b>essentially</b> 51:15 54:13	<b>exhibits</b> 5:20,21 23:7 49:25 54:23 55:18 62:5,15 64:16 66:7,9 68:1
<b>determination</b>	61:11 62:16	<b>et</b> 1:9,17 3:2,6 <b>everybody</b> 35:10	69:16,21,23 70:3 70:10
71:6 72:4	<b>doing</b> 7:11 23:6	<b>evidence</b> 11:4	<b>existence</b> 73:1
<b>determining</b>	29:17 64:15 67:17 71:4,6	32:13 39:6 41:17	<b>expedite</b> 10:23
51:24	<b>driving</b> 70:23	41:21 43:11 46:6	<b>experience</b> 68:8
<b>difference</b> 23:22 24:1 68:10	<b>dubinski's</b> 6:3	68:11 72:10 74:7	<b>expert</b> 6:9,13 41:22 47:6 49:11
<b>different</b> 10:12 26:15 30:18 34:18 54:17 67:9,10 71:9	<b>dx</b> 8:2,8 9:1,1,25 11:10 12:13,13 13:23 16:25 18:14 18:23 19:12 26:21 28:24 29:5,23 30:14 31:2,10	<b>exact</b> 58:8 <b>exactly</b> 54:3 55:4 68:22	<b>expertise</b> 51:4 <b>explain</b> 69:2,6 <b>extent</b> 65:4 68:23
<b>digits</b> 11:25	<b>e</b>	<b>exam</b> 76:4	<b>f</b>
<b>direct</b> 47:7,13	<b>e</b> 2:1,1 4:1,1,9 5:1 5:1 13:23 76:1,2 77:2	<b>examination</b> 7:3	<b>f</b> 2:1 77:2
<b>director</b> 47:19	<b>earlier</b> 33:3,5	39:2 43:25 47:13 63:18	<b>fact</b> 40:24 42:24 68:8 70:18 71:17
<b>discussed</b> 57:9	<b>easier</b> 55:22 70:4	<b>examine</b> 68:21,24 69:12	<b>facts</b> 41:13,21 65:12
<b>disk</b> 70:2,5	<b>education</b> 51:4	<b>example</b> 45:4,5	<b>fair</b> 12:24,25 42:13 60:12 61:19 62:23 67:14
<b>district</b> 1:2	<b>electronic</b> 8:9 9:20 10:19,24 54:19,20 55:6 70:5	<b>exceeding</b> 63:5 <b>excess</b> 50:11,16 50:22 59:23,25 61:8 62:14 63:9 63:11,13	<b>far</b> 19:1
<b>division</b> 47:20	<b>electronically</b> 56:3,5,25	<b>exchange</b> 65:8,12 65:14,19 66:7,8 67:22,23,24 69:18 69:19,23	<b>february</b> 28:8
<b>document</b> 8:11,22 9:4,18 10:5,9,21 11:14,18 12:7 14:9,25 16:9,17 17:13,18,20,21 18:16,19 22:23 24:12 26:15 34:6 35:25 36:2,5,24 37:2,20 38:13,18 39:3,8,15 43:7 52:22 53:5 55:5,8 55:25 56:3,6,14 56:15,24 57:22 58:3 59:12,20 60:20,23 62:1 71:18	<b>email</b> 71:17	<b>excuse</b> 27:11 61:16	<b>file</b> 36:1,7,18 37:17,18 38:10,22 39:12,16,21 43:13 43:14 70:14,15,17 70:18
<b>documentary</b>	<b>embody</b> 68:3 74:13	<b>exhibit</b> 8:23,24 9:1,4,6 33:23,24 34:5,5,6,18,21 35:4,5,10 42:14 42:18,25 43:2	<b>files</b> 7:19 38:11 45:2
43:11	<b>employed</b> 49:18	46:2 50:3 56:17 57:20 60:3,9,12 60:18,24 61:4,10	<b>financial</b> 48:18,19 48:20,22
<b>documents</b> 7:10 7:12,12,15,19	<b>enclosing</b> 36:23	<b>find</b> 45:7 64:15 <b>finding</b> 64:23	<b>findings</b> 50:8 64:6 64:20 65:3,6,12 68:7 70:17 74:22
	<b>endorse</b> 73:4		
	<b>endorsed</b> 73:1 74:8,10		
	<b>endorsement</b> 27:14,23		
	<b>endorsements</b> 27:18,21		

75:1	16:1,8,16 20:15	hemingway 64:25	i
<b>fine</b> 18:20 65:2	23:10 26:24 27:8	<b>hesitating</b> 38:9	<b>ia</b> 71:3,8 72:7
<b>first</b> 5:10 8:5 35:1	28:4,13 33:23	<b>high</b> 44:23	<b>idea</b> 73:19
35:15 49:15 66:22	34:15,16,23 37:4	<b>highlight</b> 67:9	<b>identified</b> 9:7 58:4
70:14 74:3	39:10 42:21 58:15	<b>highlighted</b> 58:2	59:9 70:2
<b>five</b> 11:25 36:15	69:6	67:10	<b>identify</b> 5:12 17:4
<b>folder</b> 38:3,5	<b>goes</b> 24:8	<b>highly</b> 6:5	54:9,11 57:22
<b>foregoing</b> 77:4	<b>going</b> 9:3,4,24	<b>hit</b> 43:16	60:20 63:5
<b>forensic</b> 44:19	10:4 25:25 39:9	<b>hold</b> 41:18	<b>identifying</b> 53:3
47:6,11,19 48:15	41:25 58:9 64:11	<b>holder</b> 11:16 12:8	58:9 65:20
48:17 50:25 57:10	66:13 69:13,13,15	13:19 16:6 19:17	<b>important</b> 32:7
<b>forget</b> 40:2	69:18,23	21:7,13 29:16	<b>incentive</b> 68:21,24
<b>forgot</b> 65:10	<b>good</b> 5:24 7:5,6	36:8,9 37:19,21	69:12
<b>form</b> 54:19	8:1 13:22 44:2	38:7	<b>include</b> 67:25
<b>formed</b> 14:18	47:1,2,15,16	<b>holder's</b> 15:24	<b>included</b> 49:5,21
18:8 19:6,9 22:2	<b>greater</b> 51:11	16:6	<b>incorrect</b> 53:2
30:9 72:21	<b>green</b> 1:21	<b>hon</b> 2:2	<b>indicate</b> 12:10
<b>former</b> 71:12	<b>greenblatt</b> 5:11	<b>honor</b> 5:6 6:20	17:18 40:21
<b>forms</b> 54:17	46:3,20,23 47:5	7:2 26:15 34:2	<b>indicated</b> 43:5
<b>frame</b> 74:15	47:15,18 55:2	35:3 45:23 47:1	<b>indicates</b> 12:8
<b>fraud</b> 48:19 72:7	56:12 60:2 62:1	63:22 64:2,4 65:7	<b>indicating</b> 43:11
<b>front</b> 36:6 37:1	63:5 76:8	65:18,25 72:10	<b>indication</b> 42:7
<b>fti</b> 47:19,21 48:7	<b>guess</b> 67:6 69:1,11	74:16	43:6
<b>fti's</b> 47:23	71:1,3,14	<b>hostetler</b> 4:2	<b>indiscernible</b> 5:14
<b>full</b> 53:17	<b>h</b>	<b>hours</b> 41:10	8:25 11:25 17:11
<b>funding</b> 8:9 9:20	<b>h</b> 1:5,13 3:1,5	<b>housekeeping</b> 5:8	68:14
10:19,24	<b>half</b> 34:11	<b>huh</b> 5:9	<b>individual</b> 59:6,10
<b>funds</b> 50:11,16,22	<b>hand</b> 11:20 17:13	<b>hundred</b> 36:15	60:6
<b>further</b> 43:22	46:22	<b>hunt</b> 4:7 5:6,7,10	<b>individually</b> 73:4
45:20 63:17,21,23	<b>happen</b> 40:6	5:15,18 6:1,5,8,12	<b>inflows</b> 52:3,5
<b>g</b>	<b>happened</b> 22:4	6:15,20 24:6 35:3	<b>information</b> 6:16
<b>g</b> 5:1	39:25 40:4,10,12	35:6 41:13,17,21	17:8 44:20,20
<b>general</b> 48:20	<b>happy</b> 63:22	43:24 44:1 45:20	48:22,25 52:20
<b>generally</b> 37:17	<b>hc</b> 19:12	45:23 46:7,10,13	53:18 54:7,9
51:6 53:10,13	<b>head</b> 38:16,21	46:16,19 63:22	56:13 57:6 58:3,8
<b>generated</b> 36:4	<b>hear</b> 74:24	64:4,8,25 65:7,11	58:13 60:13 61:20
<b>give</b> 5:18	<b>hearing</b> 3:1,5	65:19 66:17 67:4	62:24
<b>given</b> 66:10	<b>held</b> 13:13 71:21	68:5 69:6,9,23,25	<b>initial</b> 71:4
<b>global</b> 8:8 49:15	<b>helen</b> 4:20	70:8,12,15,17	<b>insolvent</b> 72:8
50:3 51:12 53:8	<b>hello</b> 44:3	74:16,19,24 76:6	<b>instance</b> 45:6
<b>go</b> 7:1 8:4,21	<b>help</b> 32:10	<b>hw</b> 26:21 28:24	<b>institutions</b> 72:22
10:13 12:12 14:8	<b>helpful</b> 68:18	<b>hypothetical</b> 41:23	<b>instructing</b> 31:17
14:24 15:11,19			

[inter - madoff]

Page 8

inter 51:18 52:7 58:21,22	judge 2:3 july 18:16,23 70:18	ledgers 48:20 left 57:25 67:5	24:9,13,25 25:19 30:3,10 31:18
interesting 72:2	june 21:12,19 22:13 66:7,8	legal 71:3 77:19	70:24,25 71:1,21
internal 32:2 45:1	67:23 68:1 69:15	legitimate 72:3,23	71:22 72:11,21
internally 45:8	69:18,25 70:6,6,9	length 53:17	73:12
introduce 47:17	<b>jury</b> 66:2	letter 30:2,8,18	<b>llp</b> 4:15
investigation 32:6	<b>jx</b> 29:5	31:6,13,16 36:9	<b>located</b> 50:1
investigations 48:16	<b>k</b>	36:16,22 37:23	<b>logo</b> 19:3,8 25:6,9
investment 13:2,9 13:18 15:6 16:22 18:2,4,24 19:2 23:23 24:13,24 25:4,18 26:9 30:3 30:10	<b>keep</b> 5:16 10:4 26:12	38:2,7,18 39:18	<b>long</b> 19:6,6 48:4 64:18,19
involved 47:21 48:4,17	<b>kept</b> 38:2	39:20 43:9,13	<b>longer</b> 26:18
involving 7:8	<b>kind</b> 39:2,20 66:10 71:10	68:3 72:21 74:14	<b>look</b> 7:25 8:9,11
irving 1:5,13 3:1,5	<b>know</b> 5:13 18:12 25:7 26:14 27:23	<b>letterhead</b> 18:24	11:3,14 26:8
issue 49:23 68:20 68:25 69:1 71:1,3 71:11 74:12	28:9 30:20,24,25 34:23 39:4 40:1 41:22 63:22 66:1	25:10 55:9 56:7	27:14 33:23 35:1
issued 40:25 41:9 42:8,16 43:11,17 49:12,13	66:15 67:8 68:7 68:20 69:11 70:22 71:8,11,15,20	56:16 57:3	37:16 42:25 64:17
issues 46:9,10 70:23	73:22 74:1	<b>letters</b> 38:10 72:22	71:8
issuing 41:12	<b>knowing</b> 40:3	<b>letting</b> 73:4	<b>looked</b> 25:3 26:25
it'll 26:18	<b>known</b> 65:3	<b>liability</b> 24:2	26:25 27:18 29:3
item 52:18	<b>l</b>	<b>life</b> 59:22 61:7 62:12	45:6
<b>j</b>	<b>l</b> 4:8 8:17 9:13 10:2,20,25 12:7 13:1,9,18 14:4,15 14:21 15:6 16:21 17:21,23 18:1,1,3 18:24 19:2,19 20:6,10 21:6,12 23:21,23 24:13,21 24:23,24 25:4,18 26:5,9 27:4,16 28:1,20 29:4,23 30:3,10	<b>liquidation</b> 1:6,14 3:2,6 51:21	<b>looking</b> 28:10 35:4 48:17
j 4:10,13	<b>labelled</b> 11:18	<b>lisa</b> 76:5	<b>lose</b> 68:3
j.p. 7:23 10:1 12:18 13:8 31:17	<b>law</b> 70:18	<b>list</b> 42:1 49:3	<b>lot</b> 32:1 44:4
january 8:12 14:19 21:23 22:4 23:20 28:16 29:8 30:2 31:7 36:10 36:13 55:7,15	<b>lcc</b> 71:13,21	<b>listed</b> 8:14 13:18 17:21	66:11,14,18
jpmorgan 71:13 72:25 73:15		<b>listing</b> 58:12	<b>lower</b> 17:13
jpmorgan's 71:20 73:3 74:12		<b>lists</b> 10:19 65:19 66:7 67:19,23 69:24 70:7	<b>lt</b> 19:12
		<b>litigation</b> 47:19	<b>m</b>
		<b>little</b> 26:18 34:16 35:3	<b>m</b> 2:2 30:14 76:2
		<b>llc</b> 13:4,5,9,13,18 14:18 15:9,10,16 15:17,23 16:5,14 16:22 17:19,23,23 18:4,7,10 19:6,8 22:2 23:24,25	<b>mad</b> 12:1
			<b>madoff</b> 8:18 9:14 10:2,7,20,25 11:16 12:5,7 13:1 13:9,18 14:4,15 14:21 15:6 16:22 17:23 18:1,2,4,8 18:24,25 19:2,20 20:6,10 21:7,12 22:25 23:21,23 24:13,21,23,24 25:3,4,18 26:5,9 26:25 27:4,16 28:1,10,17,20 29:9,10 30:3,10

[madoff - okay]

Page 9

30:22 36:4 38:2	<b>meaning</b> 60:23	16:6,21 17:18,21	<b>notices</b> 46:8,10
41:5 47:23 49:21	<b>means</b> 39:15	17:23,25 18:11,25	<b>notify</b> 29:16
68:11 71:7 72:11	<b>meant</b> 62:4	20:4 21:8,14	<b>november</b> 54:18
73:1,4,5,8,9,21	<b>media</b> 49:3,7	22:24 24:2,22	<b>nscc</b> 72:24
74:8,8,9,10	<b>mentioned</b> 54:6	25:4,7,18 26:4	<b>number</b> 8:10,14
<b>madoff's</b> 29:4	58:5,20	29:15,18 31:18	10:6 11:25 17:5
32:2 37:8	<b>method</b> 51:6	44:7 47:18 71:19	18:18 42:15 43:4
<b>madtss01284251</b>	<b>methodology</b>	71:21 72:18 73:1	44:8,9 50:20
17:12	49:17,18 51:9	73:10,20,21	55:13 57:18 61:23
<b>madtss01293772</b>	57:16	<b>names</b> 23:7	67:14
8:10	<b>microfilm</b> 54:21	<b>national</b> 30:21	<b>numbers</b> 65:20
<b>madtss01338921</b>	<b>microphone</b> 46:25	<b>nature</b> 48:18	<b>ny</b> 4:5,18 77:22
10:6	<b>middle</b> 34:16	<b>necessarily</b> 17:10	<b>o</b>
<b>magic</b> 34:8	<b>million</b> 61:7 63:15	<b>necessary</b> 53:25	<b>o</b> 2:1 5:1 31:10
<b>mailed</b> 55:10 56:9	<b>mineola</b> 77:22	<b>need</b> 34:15,16	76:2 77:2
57:4	<b>minutes</b> 25:2 44:5	40:2 65:5,22 66:3	<b>oath</b> 6:23
<b>maintain</b> 54:15	<b>mischaracterized</b>	67:6 69:10,11	<b>object</b> 69:2
<b>maintained</b> 10:1	22:22	72:5	<b>objection</b> 41:20
39:21 54:16 58:4	<b>model</b> 65:2	<b>needed</b> 48:25	47:9,10 52:24
<b>maintenance</b> 45:2	<b>momentarily</b>	<b>nelson</b> 1:9,17 3:2	53:3
<b>majority</b> 38:22	55:23	3:6 28:17 32:23	<b>objections</b> 47:5
<b>managing</b> 47:18	<b>money</b> 40:2 73:20	37:15 39:7,17,25	65:8,10,12,14
<b>manhattan</b> 27:15	<b>month</b> 55:7,15	40:4 41:10 45:10	66:8 67:10 68:1,1
27:25	56:4,8 57:1 65:13	49:12,13,22,23	68:7 69:7,16,19
<b>march</b> 19:18	<b>monthly</b> 10:11	50:4,6 52:4 53:11	70:6,9,10
21:25 22:2,11	12:9 13:8 52:14	54:1,4 57:17	<b>observed</b> 40:10
26:4 27:3	54:2 56:24 59:9	58:21 63:6	<b>obtained</b> 35:22
<b>marie</b> 4:8	59:13 61:14	<b>nelson's</b> 37:24	<b>occ</b> 72:24
<b>marked</b> 8:24	<b>months</b> 14:20	<b>nelsons</b> 7:8,14,22	<b>october</b> 10:5,8
<b>marking</b> 9:6	<b>morgan</b> 7:23 10:2	19:19 20:10 21:3	21:21
<b>markings</b> 8:24	12:18 13:8 31:17	26:24 28:10 29:9	<b>offer</b> 67:8
<b>match</b> 64:22	<b>morning</b> 5:24	31:22 32:20 36:23	<b>offered</b> 45:24
<b>matched</b> 45:8	47:16	43:18 45:4,15	<b>oh</b> 11:21 25:25
<b>matter</b> 1:4,12	<b>move</b> 19:25	<b>nescc</b> 30:22	27:11 28:9 34:8
47:21 48:23 49:13	<b>moved</b> 52:8	<b>never</b> 13:7 18:3,5	34:22 65:9 69:16
<b>matters</b> 5:8	<b>multi</b> 64:16	<b>new</b> 1:2,22,22 4:5	70:1,6
<b>matthew</b> 46:23		4:18 30:6 72:24	<b>okay</b> 5:18,25 6:12
47:18 76:8	<b>n</b> 4:1 5:1 31:2	<b>nicholas</b> 4:10	7:1,10,18,21,21
<b>max</b> 47:3	76:1,2 77:2	<b>notation</b> 40:10	7:25 8:20 9:2,8,12
<b>maximillian</b> 4:11	<b>name</b> 8:17 9:13	42:17 43:14	9:17 10:4,13,14
<b>mean</b> 11:7 32:5	10:2,7,11,19,25	<b>notations</b> 43:19	10:22,22 11:2,9
40:19 58:1 62:4	13:1,5,13 14:4,15	<b>notice</b> 18:10 71:12	11:21,23 12:11,16
68:14 70:22 74:4	14:21 15:16,17,24		12:20,24 13:6

[okay - principal]

Page 10

14:7,20,23 15:18 17:16 18:3,6,13 18:21 19:10,17,22 19:24 20:8,12,12 20:24 21:1,5,9,15 22:5 23:14,19 24:1,20,25 25:2,8 25:11,21 26:1,7 27:3,7 28:3 29:8 29:12,22 30:13 31:1 32:12,24 33:3,21 34:22,24 35:6,13,15,18,24 36:4,9,16,19,21 36:25 37:3,7 38:5 38:15,24 39:1,1,5 39:6,9,17,25 40:9 43:3,18 46:7,21 46:24 47:11 49:11 50:8 51:11 53:13 54:22 55:13,25 56:19 57:9 63:4 66:23,25 67:3,18 67:21 69:8,15 70:20 74:2,17,18	<b>organize</b> 67:15 <b>ostensible</b> 72:3 <b>ought</b> 67:15 <b>outlined</b> 49:17 <b>outside</b> 57:16 <b>owner</b> 12:6 13:8  <b>p</b> <b>p</b> 4:1,1 5:1 <b>p.m.</b> 75:4 <b>page</b> 8:5 18:19 34:6,11,19 35:8,9 43:1,2 59:19 64:12,15,16,17 76:4 <b>pages</b> 64:14 65:20 <b>paid</b> 21:2,3 <b>pamela</b> 3:25 77:4 77:8 <b>paragraph</b> 64:20 64:21 <b>pardon</b> 66:12 <b>park</b> 4:17 <b>part</b> 72:3 <b>particular</b> 52:6 64:13 <b>particularly</b> 73:24 <b>parties</b> 64:11 65:19 69:9 <b>partners</b> 5:19 <b>party</b> 31:23 32:1 32:5,10,12 35:22 36:22 37:11 39:11 43:6 59:11 67:8 68:21 <b>pause</b> 5:4 6:22 8:3 8:6 9:10 11:12 12:14 13:24 14:10 15:1,13,21 16:3 16:10,18,24 17:1 19:13 21:17 22:7 23:9,12 24:18 25:14,24 26:22	27:10 28:6,12,23 29:1,6,13,25 30:16 31:4,11,20 34:7,12,14 42:4 42:11 43:21 50:2 54:25 55:24 <b>pay</b> 27:15,25 <b>payable</b> 74:8 <b>payee's</b> 32:13 <b>payment</b> 40:25 <b>payments</b> 7:22 <b>people</b> 49:8 <b>perceive</b> 24:12 <b>percent</b> 44:17,24 <b>percentage</b> 44:24 <b>perfect</b> 26:2 34:13 <b>perform</b> 53:18 <b>performed</b> 49:20 <b>period</b> 10:11 12:21 19:4 23:22 25:17 44:9,12,13 44:23 45:11,15 46:1 50:12,17,23 53:6,9,13,16 54:18 59:5,24,25 61:9 62:14 63:6 63:10,11,14,15 <b>periods</b> 33:3,5 44:20 54:20 <b>person</b> 69:12 <b>personal</b> 6:5,16 <b>personally</b> 49:8 68:12 72:11 <b>ph</b> 6:3 <b>picard</b> 1:5,13 3:2 3:6 <b>pieces</b> 49:3,6 <b>pitts</b> 68:14 <b>placed</b> 56:7 <b>plaintiff</b> 1:7,15 <b>plaintiffs</b> 76:3 <b>planned</b> 66:10	<b>plaza</b> 4:4 <b>please</b> 5:3,16 10:16 11:10 12:12 14:9,25 15:12,20 16:2,9,17 17:5 18:14 19:11 22:6 25:23 26:21 28:5 28:25 29:5,24 30:14 31:3,10 37:24 39:18 46:22 46:24 47:17 48:6 54:24 55:19 56:18 57:20 60:18 61:24 64:18 70:1 <b>plural</b> 63:2 <b>plus</b> 49:21 <b>pm</b> 1:24 <b>point</b> 26:11 <b>points</b> 51:23 64:9 <b>ponzi</b> 71:7 72:5,5 <b>portion</b> 6:2 <b>portions</b> 68:15 <b>positing</b> 41:9 <b>position</b> 42:3 <b>post</b> 64:6 66:20 69:3 70:14 <b>prefer</b> 66:21 <b>prepare</b> 11:7 <b>prepared</b> 9:24 10:23 <b>preparing</b> 7:14 <b>presumption</b> 72:6 <b>pretty</b> 6:16 <b>previous</b> 62:5,15 <b>principal</b> 46:3 48:1,2,11,13 49:16,20,24 50:5 50:11,16,22 51:12 51:13,15,17,18,20 51:23 52:3,7,8,19 53:4,6,8,19 54:4 54:10,12 57:15,23 58:10,16,19,20
---	--	---	---

59:1,15,23 60:1 60:21 61:1,8 62:2 62:7,14 63:6,9,11 63:13 <b>printed</b> 52:22 55:9,10 56:9 57:3 <b>printout</b> 56:6 <b>prints</b> 56:16 <b>prior</b> 18:9 19:8 44:22 50:12,17 54:20 <b>problem</b> 11:2 73:3 <b>problems</b> 64:19 <b>proceeding</b> 3:1,5 52:6 59:6 64:10 <b>proceedings</b> 75:3 77:5 <b>process</b> 7:11 <b>produced</b> 55:11 56:10 57:4 59:12 <b>profession</b> 51:7 <b>professionals</b> 48:8 <b>property</b> 70:25 <b>proposal</b> 65:7 <b>propose</b> 66:5 <b>proposed</b> 65:6,12 <b>proprietary</b> 71:5 <b>proprietorship</b> 18:8 30:9 <b>proven</b> 72:6 <b>provide</b> 49:3 <b>public</b> 6:17 <b>pull</b> 8:2 10:15 11:10 13:22 18:14 19:11 28:24 29:5 29:23 30:14 31:2 31:9 34:3 54:23 56:17 57:19 60:18 61:24 <b>pulled</b> 60:13 <b>purported</b> 57:13	<b>purposes</b> 53:3 57:15 59:5 <b>put</b> 46:3 54:11 55:23 56:2 70:1 71:14 <b>putting</b> 7:7 11:6 <b>pw</b> 64:10,19	<b>recall</b> 14:18 25:2 25:5 <b>recognize</b> 55:2,21 56:21 68:12 <b>recollection</b> 43:19 64:14 <b>reconcile</b> 37:20 39:3 44:24 <b>reconciled</b> 31:22 32:22 35:25 39:15 44:15,17 45:24 <b>reconciliation</b> 32:7 <b>reconstruction</b> 47:25 48:8 <b>record</b> 5:23 6:2 11:23 36:21,22 37:7,9,10 45:7 77:5 <b>records</b> 7:16 10:2 31:23 32:1,2,5,10 32:12,23,25 33:4 35:18 39:11 44:10 44:12,15,18,21,25 45:1,11,12 47:25 48:9,9,13,15,19 49:19 52:11,13,17 54:17 57:9,10 59:7 <b>redirect</b> 13:15 43:23,25 <b>reductions</b> 58:20 <b>refer</b> 9:15 25:9 37:18 49:15 <b>reference</b> 56:1 60:3 62:16 64:22 <b>referenced</b> 36:3 37:2 38:13 <b>references</b> 59:7 60:6 61:14 64:18 64:22 <b>referred</b> 5:20	<b>referring</b> 7:13 39:20 <b>reflect</b> 61:11,13 <b>reflected</b> 19:17 57:6,14 58:23 60:9 61:4,16 62:20 <b>reflecting</b> 64:10 <b>regarding</b> 50:5 <b>regularly</b> 30:22 <b>related</b> 7:16,19 9:18 17:20 50:6 63:7 <b>relating</b> 7:10 <b>relevant</b> 6:6,7,10 6:19 27:20 52:6 60:13 61:14,20 62:24 <b>reliable</b> 32:2,4 <b>relied</b> 49:19 52:13 <b>rely</b> 50:25 52:12 57:10 65:21 <b>relying</b> 35:24 38:6 38:7 40:17 70:3 <b>remaining</b> 58:15 <b>remember</b> 33:6 38:16 <b>remind</b> 53:20 <b>repeat</b> 26:10 38:1 <b>rephrase</b> 26:17 <b>replicated</b> 51:3 <b>reply</b> 67:1 <b>report</b> 7:7,14 9:21 10:19,24 24:11 27:1 42:13 49:5 49:16,17,17 50:3 53:8 57:17 <b>reported</b> 45:19 48:12 53:1 58:7 58:17 <b>reports</b> 8:9 49:11 49:12,14,22 50:1 50:4 51:11
	<b>r</b> <b>r</b> 2:1 4:1,12 5:1 77:2 <b>raise</b> 46:21 52:24 53:2 <b>raised</b> 70:23 <b>reach</b> 46:13 49:1 50:5 51:1 59:15 61:1 62:7 <b>reached</b> 50:21 <b>reaction</b> 71:5 <b>read</b> 11:22 13:8 18:17,18 64:14 67:12 73:23 <b>reading</b> 23:6 <b>really</b> 27:21 64:20 68:9 71:2 72:5 <b>reason</b> 65:17 <b>reasonable</b> 60:9 61:17 62:20		

<b>represent</b> 58:12 58:18	38:3 39:7,12,14 39:21 40:18,20,22	<b>securities</b> 13:2,9 13:18 15:6 16:22	<b>servers</b> 54:20 <b>shared</b> 52:23
<b>request</b> 37:14 39:7 41:6 42:7,15 43:10	41:13 46:18,21 55:17,22 64:3,5 67:16 69:10,20,24	18:2,4,24 19:2 23:23 24:14,24 25:4,18 26:9 27:4	<b>sheehan</b> 4:13 <b>shifrin</b> 4:11 46:19 47:1,3,3,14 54:23 55:1,18,20 56:17
<b>requested</b> 38:19 41:10	70:22 71:25 74:11 74:13,22	28:18 29:9 30:3 30:10,21 73:8,9 74:8	56:20 57:19,21 60:17,19 61:23,25 63:17 71:17 76:8
<b>requesting</b> 37:15 38:7 39:22	<b>rise</b> 5:2	<b>see</b> 8:12,15,17,24 9:6,14 10:20	<b>short</b> 64:23,23
<b>requests</b> 46:14	<b>road</b> 77:20	11:15 13:2,17	<b>show</b> 52:25 61:6
<b>resolved</b> 68:7	<b>rockefeller</b> 4:4	<b>roy</b> 8:1 12:12 14:8	<b>showed</b> 40:14
<b>respect</b> 42:13,14 43:18 50:14,19 52:17 68:13	<b>role</b> 47:23 48:6	14:2 15:7 16:20 16:22,23 17:14,15	<b>showing</b> 25:3
<b>respond</b> 66:22	<b>roy</b> 8:1 12:12 14:8 14:24 15:20 16:17 16:25 19:11,25	27:4,15 28:1,18 28:21 29:10 30:3	<b>shown</b> 40:5
<b>response</b> 69:10,11 70:19	20:20 22:6 23:4 23:16 25:12,23 26:20 27:8 29:5 30:15 34:10	30:6,10,20 31:7 31:13 37:1 42:7 43:4 55:5 56:1 59:19,20	<b>shows</b> 10:6,9 11:15 12:5 72:10
<b>rest</b> 64:3,4	<b>run</b> 19:15	<b>seeing</b> 11:17 43:19	<b>side</b> 11:19 71:5
<b>result</b> 44:16 61:6	<b>running</b> 59:1	<b>seen</b> 13:7,11 19:2 19:8 31:16 41:4,5 71:17,18	<b>sides</b> 64:3
<b>results</b> 51:3 60:8 61:15 62:19	<b>s</b>	<b>send</b> 18:10 37:24 39:18 46:8,14 70:2	<b>significance</b> 24:12
<b>retained</b> 47:22,24	<b>s</b> 4:1,11 5:1 76:2	<b>senior</b> 47:18	<b>simply</b> 57:3 64:6
<b>returned</b> 41:3,8	<b>satisfy</b> 38:19	<b>sense</b> 32:4 64:5 66:24 67:11 74:15	<b>single</b> 7:8 40:9 66:17 74:7
<b>review</b> 7:14 48:16 49:6	<b>saying</b> 37:24 40:9 40:12,14 69:22	<b>sent</b> 12:17 26:25 30:18,20,21 31:6 38:7 72:22,25	<b>sir</b> 48:4 57:22 59:18 61:4 63:7
<b>reviewed</b> 7:7,10 7:16,19 38:5 49:4 49:9	<b>says</b> 15:6 27:14,15 27:25 28:20 30:8 37:4 39:10 40:18 41:11	<b>sentences</b> 64:23	63:16 64:25 69:25 70:12
<b>right</b> 6:21 9:9,20 9:20,22,23 11:9 11:20 12:6,18 14:21,22 15:4,9 17:13,24 19:1 20:3,10,22 21:4,7 21:10,12,23,25 22:5 23:3,8,8,21 23:24,24 24:21,25 25:16,19 26:5 30:23 32:14,16,21 33:1,7,15,19 34:4 34:16 35:2,16 36:5 37:8,12,15 37:15,20,22,25	<b>schedule</b> 59:3 64:6 66:5 68:5	<b>separate</b> 67:19 70:1	<b>situation</b> 41:16 43:9
	<b>scheme</b> 71:7 72:5 72:6	<b>separately</b> 70:2 71:9	<b>skaw</b> 3:25 77:4,8
	<b>scope</b> 57:16	<b>september</b> 18:1 44:7 56:5,8	<b>skills</b> 50:25
	<b>screen</b> 34:3	<b>series</b> 72:22	<b>skip</b> 23:1,4 24:16 25:12 46:2
	<b>seal</b> 6:2	<b>server</b> 55:7	<b>skipping</b> 28:14
	<b>seanna</b> 4:12		<b>slightly</b> 10:23
	<b>seat</b> 46:24		<b>smb</b> 1:6,14 3:1,5
	<b>seated</b> 5:3		<b>sole</b> 18:8 30:9
	<b>second</b> 5:15,19 36:10 49:22		<b>solely</b> 38:10
	<b>secured</b> 48:10		<b>solid</b> 65:25

46:11 65:14 69:17 74:25 <b>sort</b> 48:15 52:1,11 69:2 <b>source</b> 60:3 61:11 62:16 <b>sources</b> 52:7 <b>southern</b> 1:2 <b>speak</b> 46:24 <b>speaker</b> 5:13 <b>speaking</b> 53:10,13 <b>specific</b> 13:14 43:19 45:3 50:4 57:17 <b>specifically</b> 48:8 49:23 50:9 52:4 52:14 53:16 65:13 <b>stamp</b> 28:20 <b>standing</b> 72:16 <b>stanley</b> 28:17 <b>start</b> 51:12 <b>starting</b> 33:5 57:25 <b>stated</b> 44:23 <b>statement</b> 9:12,15 9:19 10:10,11 12:6,9,16,17 13:8 13:17 14:1,12 15:3,12,15,20 16:2 23:22 24:23 40:8,11,14,18 41:5,7 42:7,9,9,17 43:15,16 45:8 52:25 54:2,16 55:6,9 56:4,8,25 57:2 58:4 62:24 <b>statement's</b> 16:6 25:17 <b>statements</b> 7:25 12:19 18:5 26:8 44:16,18 45:15,18 48:20,21,21 52:14 52:15,16,19 53:24	54:3,6,15 56:13 57:7,14 58:5,9,11 58:13,17 59:8,9 59:14 60:6,14 61:14,21 63:2 73:11,16,17,18,20 <b>states</b> 1:1,20 <b>step</b> 45:21 63:20 <b>stipulate</b> 46:1 <b>stipulation</b> 46:13 <b>stopped</b> 40:25 41:2 <b>stored</b> 56:3,5,25 <b>streamline</b> 47:7 <b>string</b> 64:18,21 <b>structures</b> 24:7 <b>stuart</b> 2:2 <b>style</b> 64:9 <b>submit</b> 65:5 66:19 <b>substantive</b> 56:12 57:6 <b>suggest</b> 47:5 <b>suite</b> 77:21 <b>sum</b> 61:5 <b>summarize</b> 50:8 63:4 <b>summary</b> 60:4,12 61:12,19 62:23 <b>summer</b> 66:10,16 <b>summers</b> 66:11 66:14,19 <b>supervision</b> 49:9 <b>support</b> 33:1 <b>sure</b> 17:7,12 26:25 38:14 58:2 72:12,18 <b>sworn</b> 46:23	<b>talk</b> 20:1 49:11 51:11 <b>talked</b> 49:18 <b>talking</b> 33:16 40:24 41:15 42:18 <b>tasked</b> 48:7 <b>team</b> 48:7 49:8 <b>tell</b> 38:14 <b>ten</b> 5:21,21 44:13 <b>test</b> 45:2 <b>testified</b> 32:19,22 38:2 58:11 <b>testify</b> 11:1 24:6 41:25 42:3 68:12 <b>testimony</b> 5:22 47:7 63:4 68:14 68:19 69:4 <b>thank</b> 5:25 6:20 7:2 8:5 9:2 11:21 12:3 13:21 16:15 23:17 25:21 26:2 <b>suite</b> 77:21 <b>sum</b> 61:5 <b>summarize</b> 50:8 63:4 <b>summary</b> 60:4,12 61:12,19 62:23 <b>summer</b> 66:10,16 <b>summers</b> 66:11 66:14,19 <b>supervision</b> 49:9 <b>support</b> 33:1 <b>sure</b> 17:7,12 26:25 38:14 58:2 72:12,18 <b>sworn</b> 46:23	35:22 36:22 37:4 37:11 39:11 43:6 49:22 53:23 59:11 <b>thousand</b> 36:15 <b>three</b> 33:13 49:13 49:21,23 50:6 51:11 53:22 54:1 63:6,14 <b>time</b> 6:9 10:10 18:7,9 23:22 25:17 26:17 39:9 40:9 44:6,9,22 45:24 51:23 53:6 53:13,17 65:5 67:17,24 69:3 70:4 74:3,15,19 <b>times</b> 40:6 <b>title</b> 9:22 <b>today</b> 5:11 63:4 <b>top</b> 34:11 38:16 38:21 55:5,10,25 56:3,24 <b>total</b> 49:13 59:20 59:21,23 61:6,7 62:11 63:14 <b>traced</b> 45:25 <b>tracey</b> 3:25 77:11 <b>tracing</b> 27:21 33:2 <b>track</b> 68:3 <b>trade</b> 18:25 24:2 25:4,7 73:1,10,21 <b>traders</b> 66:1,3 <b>trading</b> 57:13 71:4,5,6 72:23 <b>training</b> 51:4 <b>transaction</b> 7:8 35:1,15,19,25 36:10,13 38:6 40:7,13,15 52:18 52:18,20,21,21,22 54:7,7,8,8 58:6,6 58:7
		<b>t</b> <b>take</b> 6:15 26:18 46:24 55:22 66:16 <b>takes</b> 51:16	36:24 38:21 39:2 55:22 64:5 67:8 69:6 71:10 72:2,9 <b>thinking</b> 65:11 68:6 <b>third</b> 6:1 31:23 32:1,5,10,12

<b>transactions</b> 7:9 7:17 32:11 39:13 40:21 43:5 44:17 44:22 45:17 46:6 48:12,18 52:1,19 53:4 54:10 58:10 58:17 59:10 <b>transcribed</b> 3:25 <b>transcript</b> 64:13 67:6,25 77:4 <b>transcripts</b> 64:12 68:2 <b>transfer</b> 58:21,22 70:24,25 71:1 <b>transfers</b> 51:18 52:8 72:7,10 <b>trial</b> 3:3,7 64:6 66:2,2,2,20 67:6 67:25 68:14,19 69:3 <b>tried</b> 31:23 46:13 <b>true</b> 7:23 14:16,17 18:11 19:7 21:3 22:3 26:14 29:18 32:3 40:5 42:14 72:14 77:5 <b>trust</b> 31:13 <b>trustee</b> 1:5,13 3:2 3:6 5:7 35:21 47:4 47:24 48:10 51:22 55:11 56:11 57:4 59:12 63:21,23 64:13 65:5 66:22 67:2 68:15 72:15 <b>trustee's</b> 5:20 43:2 49:25 54:23 55:18 56:17 57:19 60:2,9,12,18,24 61:10,10,16,19,24 62:15,20,23 69:16 <b>try</b> 26:19 <b>turn</b> 55:18 57:17 60:17 61:23	<b>two</b> 32:20,25 33:11 45:25 50:12 50:17,23 53:22 54:17 59:5,24,25 61:9 62:5,14,15 63:6,10,11,13,15 65:11,13 66:2 70:23 71:9,10 <b>types</b> 48:21 57:9 <b>typical</b> 52:3 <b>typically</b> 48:16 57:10	<b>voices</b> 5:16 <b>vs</b> 1:8,16	45:22 46:23 56:19 76:4 <b>witnesses</b> 5:12 63:21,23,25 64:1 <b>wonderful</b> 26:10 <b>words</b> 6:13 40:19 <b>work</b> 24:11 32:8 41:4 42:6 65:16 69:13 70:4 <b>worked</b> 49:8 <b>working</b> 48:7 <b>world</b> 74:4 <b>write</b> 73:23 <b>written</b> 18:10 27:22 30:6 37:21 <b>wrote</b> 37:15 39:17
		<b>u</b>	
	<b>u</b> 18:14,23 <b>u.s.</b> 2:3 <b>uh</b> 5:9 <b>understand</b> 6:24 18:7 24:1 29:15 72:13,17 <b>unfortunately</b> 42:2 <b>unidentified</b> 5:13 <b>united</b> 1:1,20 <b>upper</b> 11:20 <b>use</b> 39:3 44:19 45:1 54:3 64:23 66:3 <b>usually</b> 48:17,18 68:10 <b>utilize</b> 31:23	<b>way</b> 40:3 64:24 67:7 72:19 <b>ways</b> 69:14 <b>we've</b> 30:9 66:13 74:7 <b>weeks</b> 65:11,14 66:2 <b>went</b> 27:1 32:24 33:3 <b>williams</b> 3:25 77:11 <b>withdrawal</b> 32:15 33:1 36:11,12 37:5,14,15,21 38:8,20 39:4,22 40:23 43:6,10 45:7 53:1 59:10	
		<b>v</b>	
	<b>v</b> 3:2,6 <b>vacation</b> 66:16 68:5 <b>vacations</b> 66:10 <b>vanderwal</b> 4:9 <b>various</b> 17:6 <b>verified</b> 32:19 36:16 45:12 <b>verify</b> 32:11 35:18 40:4 <b>veritext</b> 77:19	<b>withdrawals</b> 32:20,23 40:18 45:18 46:12 51:18 54:11 58:19 59:2 59:5,21,22 62:13 63:5 <b>withdrawn</b> 50:22 59:25 61:8,9 62:12,13 63:11 <b>withdrew</b> 50:11 50:16 63:9,13 <b>witness</b> 6:25 33:14 34:18 35:12	
			<b>z</b>
			<b>z</b> 11:10 <b>zebra</b> 11:11